

The Global Newspaper
Edited in Paris
Printed Simultaneously
in Paris, London, Zurich,
Hong Kong, Singapore,
The Hague and Marseille

WEATHER DATA APPEAR ON PAGE 1B

No. 31,821

INTERNATIONAL Herald Tribune

Published With The New York Times and The Washington Post

PARIS, WEDNESDAY, JUNE 12, 1985

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Greece	—	500 Dr.	500 Dr.
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Iraq	—	500 D.	500 D.
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Italy	—	500 I.	500 I.
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Jordan	—	500 J.	500 J.
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Kuwait	—	500 K.	500 K.
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ESTABLISHED 1887

Agca Says Shooting Was Commissioned By Soviet Diplomat

By Michael Dobbs
Washington Post Service

ROME — Mehmet Ali Agca, the Turkish gunman who shot and almost killed Pope John Paul II in May 1981, said Tuesday that the attempted assassination had been commissioned by a Soviet diplomat in Bulgaria for a sum of more than \$1 million.

The testimony before an Italian court marked the most specific charge yet made by Mr. Agca against the Soviet Union in connection with the papal plot. It is the first time that the Turk has accused a Soviet official of putting up the money to murder the Polish-born pontiff.

Giving evidence in the trial of his alleged accomplices in the papal conspiracy, Mr. Agca also accused three former Bulgarian officials in Rome of providing logistical support for him and other members of a rightist Turkish guerrilla group known as the Gray Wolves during the months leading up to the assassination attempt.

Mr. Agca's testimony Tuesday was in contrast with his refusal Friday to give evidence against the accused Bulgarians. He claimed that he was unable to testify because he had received death threats in his prison cell from the Soviet and Bulgarian secret services.

The Bulgarians are on trial along with four Turks on charges of being Mr. Agca's accomplices in the assassination attempt. Mr. Agca has been convicted in the shooting.

Under interrogation by Judge Severino Santispicci, Mr. Agca contradicted numerous points of



Mehmet Ali Agca, testifying at his trial on Tuesday.

similar manner in November 1982 after first describing them to the Italian investigating magistrate and then showing a photo album of 56 Bulgarian officials in Rome.

Contradicting earlier testimony, Mr. Agca said Tuesday that the idea to kill the pope was originally raised at a meeting in Istanbul in June 1980 between him and Abuzer Ugurlu, a Turkish smuggler with links to the Bulgarian authorities.

He said that Mr. Ugurlu arranged for him to discuss the project in more detail in Sofia with a business partner named Bekir Celencik.

Mr. Celencik, who is now in Bulgaria, is one of the defendants in

(Continued on Page 2, Col. 5)

29 Freed In Berlin Spy Trade

U.S. Releases 4 to Gain Liberty For E. Europeans

Reuters

BERLIN — The United States exchanged four convicted spies Tuesday in return for 25 prisoners from East German and Polish jails in what diplomats said was probably the biggest trade of its kind since World War II.

The four prisoners released by the United States were identified as Alice Michelsen of East Germany, sentenced to 10 years on espionage charges last year; another East German, Alfred Zehe, serving an eight-year term; Marian W. Zaucharski, a Pole sentenced to life imprisonment in 1981, and Penyu B. Kostadinov, a Bulgarian serving a 10-year term.

A U.S. State Department official said that the exchange was made on Gleimnitz Bridge in Berlin and that it was the result of three years of secret negotiations.

The four spies were flown to Berlin from the United States on Monday and released at the middle of the bridge, which links the eastern and western sectors of Berlin.

Two of the 25 prisoners involved in the agreement remained in East Germany to settle family affairs and will be allowed to leave, the U.S. official said. The families of the released prisoners will be allowed to join them.

U.S. officials refused to say whether the 25 prisoners were convicted spies or political prisoners.

The most famous exchange at Gleimnitz Bridge took place when Francis Gary Powers, a U.S. spy pilot who was shot down over the Soviet Union, was freed in 1962.

Witnesses said that Richard R. Burt, the U.S. assistant secretary of state for European and Canadian affairs who is scheduled to become the ambassador to West Germany, was present at the bridge.

"I am sure that forensic tests will confirm this shortly," Mr. Mengelkoch said. "I have kept silent until now out of respect for the people who were in contact with my father for the last thirty years," Mr. Mengelkoch said.

In Washington, U.S. officials said that the Soviet Union had rejected American overtures to release the prominent Soviet dissident Andrei D. Sakharov and Anatoli Strelansky in the exchange.

"After it became clear that the Soviets would not change their position, we decided that obtaining the release of 25 persons and family members was an important humanitarian step which justified the agreement," an administration official said.

"It's a slim chance, but it's the only one we've got," he said.

The prince said he was "very, very pessimistic" about any breakthrough, military or diplomatic, that would end what he called the "colonization" of Cambodia.

The officials declined to comment on whether those released were U.S. intelligence agents or political prisoners.

Of the four spies, the most damage to U.S. security was believed to have been done by Mr. Zaucharski, who obtained secrets about several sophisticated U.S. weapons systems.



Alice Michelsen, an East German spy released Tuesday by the United States, was greeted on a Berlin bridge by Wolfgang Vogel, an East German lawyer and mediator.

Son Asserts Mengele Died in Brazil in 1979

By William Drostiak
Washington Post Service

BONN — The son of Dr. Josef Mengele, the Nazi war criminal, said Tuesday that the corpse exhumed last week at a Brazilian cemetery was that of his father.

Breaking the long family silence, Roll Mengele released a statement Monday saying "I have no doubt that the body recovered on June 6, 1983" in the graveyard near São Paulo was that of his father.

The Rosserts said they provided financial aid to the Nazi doctor.

On May 31, West German police raided his home and found letters and an address book that led investigators to an Austrian couple, Wolfgang and Liselotte Bossert, living near São Paulo.

The Rosserts said they provided financial aid to the Nazi doctor.

The younger Mengele, 41, who is a lawyer in Freiburg, West Germany, said that he went to the burial site in 1979 to check the circumstances of his father's death.

"I have kept silent until now out of respect for the people who were in contact with my father for the last thirty years," Mr. Mengelkoch said.

In an evident reference to those who suffered under his father at Auschwitz, Mr. Mengelkoch added: "All victims and their relatives have my and our deepest sympathy."

Dr. Mengele is considered directly responsible for the killing of 400,000 Auschwitz camp inmates and countless atrocities committed against twins and children in a search to establish racial purity.

Roll Mengele's statement was released to news agencies by his stepbrother Jens Hackenjos, a Munich architect whose mother, Irene, married and divorced Dr. Mengele.

Mr. Hackenjos' wife, Sabine, said that Mr. Mengelkoch, his wife and young child were "afraid" of possible reprisals from Nazi fanatics. Since Dr. Mengele's possible death has stirred worldwide interest, the family had received "several death threats at their home," Mrs. Hackenjos said.

Mr. Mengelkoch said the Mengele family was now prepared "to provide further pertinent information" to show conclusively that his father died and finally died near São Paulo in 1979.

The latest lead on the Mengele trail came from a West German university professor, who overheard a former employee of the Mengele family company, Hans Sedlmeier, 72, boasting about pro-

tection of the new U.S. strategic weapons are scheduled to come into service.

At that point, new U.S. decisions to eliminate older weapons, such as more Poseidon submarines, would be required to stay in compliance.

The time between now and November, when the new Pentagon study could prompt another look at the "no undercut" policy, is important in several respects.

About the same time, the Netherlands is to make a final decision on acceptance of U.S. missiles, a key moment for NATO.

The summer round of an annual round of U.S.-Soviet nuclear and space arms negotiations in Geneva is likely to be over by November. Thus the United States and its allies will have nearly eight months experience at the new arms talks with which to make judgments about their course.

It is also likely that Mr. Reagan and Mr. Gorbachev might meet, or at least schedule a meeting, before the November study is completed.

Mr. Reagan's decision was seen as a defeat for Secretary of Defense Casper W. Weinberger, who had urged him to abandon the treaty.

Moscow spurned President Reagan's decision to abide by the limits of SALT-2. Page 2.

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Germany	—	500 M.	500 M.
Greece	—	500 Dr.	500 Dr.
Great Britain	—	500 G.	500 G.</

Soviet Accuses Reagan Of Discarding SALT-2 Instead of Retaining It

By Serge Schmemann
New York Times Service

MOSCOW — The Soviet Union declared Tuesday that President Ronald Reagan's promise to abide by the SALT-2 treaty only confirmed the U.S. administration's intention to destroy the entire system of disarmament agreements.

In a response issued by the Foreign Ministry and published by Tass, the Kremlin described Mr. Reagan's assertion Monday that he would continue honoring the pact's limits on missiles as a cover for "crawling out of the treaty" and discarding its provisions one by one.

"It should be realized in Washington what consequences the stand taken by the White House with regard to the SALT-2 treaty will lead to," the statement said, without specifying the consequences.

One should not be deluded that the U.S. side will be allowed to determine as it thinks fit which obligations should be observed and which should not. It is a dangerous misapprehension to expect that the other side will be adapting itself to such a line of the U.S.A."

Moscow denied Mr. Reagan's allegations that the Soviet Union had violated the SALT-2 treaty, and specifically the allegation that the Russians were developing two new land-based intercontinental missiles, the SS-24 and the SS-25, instead of the one permitted by the treaty.

The Soviet statement insisted that the SS-25 was a modernized version of an earlier weapon, the SS-13. Washington made its allegations, the statement said, only to justify American work on the MX and Midgetman missiles.

"The U.S. administration, proceeding along the lines of violating the treaty, resorts to a long-tested device: It again starts to level obviously far-fetched accusations at the other side," the statement said.

The Kremlin also sought to play down Mr. Reagan's central decision, not to exceed the SALT-2 limits on missiles by keeping an aging Poseidon submarine in action when a new Trident submarine goes into service this fall.

"The president emphasizes that this is a single measure which does not mean that in the future he will act in an analogous way," the statement said. "On the whole, the decision concerning the submarine Poseidon does not change the overall picture of the undermining by the United States of the positive atmosphere."

sphere that was created in the strategic arms limitation field through the efforts of the two sides.

Overall, the Soviet statement followed the basic lines set out in a Pravda editorial over the weekend. That editorial called U.S. arms control policy "deceitful and cynical" and accused the Reagan administration of preparing of "wreck" the 1979 nuclear arms treaty.

The fact that the Kremlin chose to criticize Mr. Reagan even after he had decided to abide by the treaty suggested to Western diplomats a determination in Moscow to sustain the unease caused in Western Europe and within the United States by the dispute within the administration over adherence to SALT-2.

Beyond that, the diplomats said, the Russians have long recognized the basic disaffection within the Reagan administration over the various arms control treaties with the Soviet Union, and they were not prepared to give the president credit for restraint while the long-term threat to the treaties seemed to remain intact.

Fate of Finnish Hostages Discussed

Brian E. Urquhart, left, a United Nations undersecretary, met Tuesday in Tel Aviv with Defense Minister Yitzhak Rabin in an attempt to obtain the release of 21 Finnish members of the UN peacekeeping force in Lebanon. The hostages were being held by the South Lebanon Army, backed by the Israelis. Mr. Urquhart said he hoped the Finns would be freed "in the very near future."

U.S. Hospitals Limit Alien Transplants

(Continued from Page 1)

sidents receiving kidneys in 1984 was sharply reduced from the year before.

A spokeswoman for the center also said it had terminated a "referral arrangement" whereby doctors at the Saudi Arabian health office sent patients to the hospital for transplant surgery.

Georgetown University Hospital is renegotiating an agreement with the Greek minister of health to perform transplants on Greek patients after encountering political difficulties, according to Dr. George

Schreiner, director of the hospital's nephrology division.

One reason for the high rate of kidney transplants for foreigners, said Dr. Karmi, is that these patients may come from countries where medical care is less sophisticated than in the United States.

Thus, he said, the patients generally have not undergone dialysis treatment to rid the blood of toxins, and their bodies are less sensitive to a new organ.

Also, foreign patients generally are less selective about what type of

match they make with a donated kidney, doctors say.

"Yes, they're getting more kidneys, but they're not getting a good quality, a good match," said Dr. Jose Salcedo, chairman of the Washington area network's medical review board. "If we don't use these kidneys in foreigners, these kidneys would probably have to be thrown away. Here you have a way to get rid of these organs that might not be used" by U.S. citizens.

Sometimes, a hospital is paid more by foreign patients for kidney transplants than local residents pay.

At George Washington, a foreign citizen pays \$6,000 for the transplant surgeon's services according to Dr. Karmi. The hospital collects \$3,800 from Medicare for the same services on a U.S. citizen.

Those interested in encouraging organ donation are worried that the issue of foreign citizens receiving transplants will hurt their efforts.

In California, for example, some organ donors have written "resident only" on their organ donor cards after news reports that some kidneys were being shipped to Japan for transplants there.

Envoy Is Nominated to Replace Burt

The Associated Press

WASHINGTON — President Ronald Reagan plans to nominate Rozanne L. Ridgway, U.S. ambassador to East Germany since 1982, as assistant secretary of state for European and Canadian affairs, the White House announced Tuesday.

Mrs. Ridgway, 49, would succeed Richard R. Burt, who is reportedly under consideration to succeed Arthur F. Burns as U.S.

ambassador to West Germany. The White House spokesman, Larry Speakes, said he was not announcing Mr. Burt's nomination to the Bonn post, but also said he was not under consideration for any other position.

Mrs. Ridgway was ambassador to Finland from 1977 to 1980 and has held a variety of other diplomatic posts besides serving as State Department counselor and special assistant to the secretary of state.

Agca Says Russian Was Behind Plot

(Continued from Page 1)

the present case, Mr. Ugur was arrested by the Turkish authorities several months before the attempted assassination of the pope and was given trial in Turkey on various charges, including smuggling.

Questioned about his meetings in Sofia, Mr. Agca said that he discussed the plot to kill the pope with Mr. Celenk and one of the Bulgarian defendants, Todor S. Avazov, between July 10 and 16, 1980. He added that another Turkish member of the Gray Wolves, Oral Celik, was present.

According to records of the pretrial investigation, Mr. Celenk was in Sofia between these dates. Mr. Avazov's passport, however, shows that he arrived in Bulgaria on July 21 from Rome and therefore presumably could not have taken part in the meeting at the time stated by Mr. Agca on Tuesday.

When the judge expressed surprise at the willingness of a Soviet diplomat to meet with a Turkish terrorist who had only recently escaped from prison, Mr. Agca replied that the meeting had taken place in a hotel room in Sofia without any photographers present.

The judge questioned Mr. Agca closely on apparent discrepancies over the payment of the 3-million Deutsche mark reward. During his pretrial testimony, Mr. Agca had said that he was to have received a third of the total sum, but he insisted Tuesday that he had not been interested in money.

When asked why he had earlier claimed that Mr. Celik had actually brought the money to Italy, a fact that he now denies, Mr. Agca replied that he had been confused by the persistent questioning of Bulgarian magistrates who were allowed to interrogate him in 1983.

The trial continues Wednesday.

U.S. Invasion Forces End Stay on Grenada

Washington Post Service

ST. GEORGE'S, Grenada — The last members of the U.S. force that invaded Grenada in October 1983 left Grenada on Tuesday.

Remaining until September is a

30-member U.S. Army Special Forces team training new security forces for Grenada, St. Vincent, St. Lucia, Dominica and St. Kitts.

Perils Found In Indoor Air

(Continued from Page 1)

correlation" between the levels of the chemicals in participants' bodies and their use of paint or solvents at home or at work, cigarette smoking, and visits to gas stations or dry-cleaning establishments.

It found a similar correlation with the presence of these chemicals in building materials, cleaning agents and other substances in participants' homes.

Many of these products are widely used in major cities around the world.

The study did not attempt to deal with many of the known indoor air pollutants, such as radon, a radioactive gas that can cause lung cancer, or formaldehyde, a ubiquitous element in home furnishings and building materials.

Mr. Goldstein said future studies

using similar techniques would test exposures to these chemicals.

The study said "it seems probable" that consumer products such as paints, cleaners, propellants, plastics and cosmetics and building materials such as adhesives, fixers, resins, insulation and other products are the major sources.

David D. Dougan, an expert on toxic air pollution and a lawyer with the Natural Resources Defense Fund, an environmental group, said he was concerned that the Reagan administration would use the results to ignore the problem of toxic chemicals in the outdoor air. He said the agency's own figures showed that 1,500 to 2,000 people die each year in the United States from toxic air pollution.

"I don't like the suggestion that one problem is small because another may be bigger," Mr. Dougan said.

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AMERICAN TOPICS

Editors Withhold

Doonesbury Strip

Garry Trudeau has used his comic strip to take on the president, the press, Congress, the anti-abortion movement, the drug cult — you name it. But this time "Doonesbury" has gone for a tough one — Frank Sinatra. Of "Blue Eyes" himself.

The six comic strips scheduled for this week have some newspaper editors talking to their lawyers instead of laughing, and the Trudeau satire won't get to all of his readers.

The allegations of Mr. Sinatra's connections to organized



Garry Trudeau

crime are a primary target of Mr. Trudeau — the contrast of that and Mr. Sinatra's friendship with the Ronald Reagans and his Medal of Freedom award last month by the president.

Concerns about libel and fairness were the reasons cited by editors for not publishing some or all of the week's strips.

Newspapers that chose not to use at least some of them included the International Herald Tribune, the Los Angeles Times and Newsday.

In a statement, Mr. Sinatra said, "Garry Trudeau makes his living by his attempts at humor without regard to fairness or decency."

Is Mr. Sinatra talking to his lawyers? He's not saying.

Short Takes

Joan B. Kroc, widow of Ray Kroc, the guiding genius of the McDonald's hamburger chain, spent \$400,000 to buy full-page ads in The New York Times, The Washington Post and 21 other newspapers with a quota-

tion from a 1953 speech by Eisenhower decrying the wasted talents of "laborers, the genius of scientists, the hopes" of children in producing arms instead of feeding the hungry. She urged that readers in agreement should send the ad to their senators and congressmen.

By mid-1986 Alaska is expected to reinstate state income taxes, dropped in 1979 when oil wealth flooded the treasury and financed extensive services and such things as road networks. State income from North Slope taxes and royalties has dropped, along with world oil prices, since 1982, when it totaled \$4.1 billion. The 1986 total is expected to be \$2.9 billion.

President Ronald Reagan has recommended that the Senate honor Major Arthur D. Nicholson Jr., who was killed by a Soviet sentry in East Germany in March, by promoting him posthumously to lieutenant colonel. A Pentagon spokesman said this would be the second such promotion: The first was that of Lieutenant Colonel Charles Ray, an army attaché at the U.S. Embassy in Paris, promoted to colonel after he was killed by a terrorist in 1982.

Catherine Costello, 17, of Pearl River, New York, got her college bachelors' degree from St. Thomas Aquinas College the day after she graduated from high school. For three years, to "broaden her perspective," as she put it, she attended high school during the day, taking part in a profusion of extracurricular activities, and college at night. She will enter medical school in the fall.

Thoughts on Changes
In the Police World

Patrick V. Murphy, retiring at 65 as president of the Police Foundation, a Washington research group, and former police chief in Washington, Detroit and New York, says "incredible changes in police work" have occurred because of the changing leadership of cities and police forces.

"More and more blacks and Hispanics have become the mayors and police chiefs," he noted, and police "more and more are finding ways to work with the community, to spot the drug dealer and burglar and to actually prevent crime."

— Compiled by ARTHUR HIGBEE

New York Suspends Broker's License
Of Zaccaro, Citing 'Untrustworthiness'

ALBANY, New York — The real-estate broker's license of John A. Zaccaro has been suspended by a state hearing officer who said the husband of Geraldine A. Ferraro, the 1984 Democratic vice presidential candidate, had "demonstrated untrustworthiness."

The hearing officer, Barry Bonan, said Monday he took the action because Mr. Zaccaro had submitted "a net worth statement which he knew was false and an appraisal which he himself altered," according to William Brown, a spokesman for New York's secretary of state.

The suspension, which takes effect Aug. 1, means that Mr. Zaccaro "can't act as a broker, collect commissions or fees, or manage property that is not his or his firm's," for 90 days, Mr. Brown said. The suspension can be appealed.

Mr. Zaccaro pleaded guilty in January to "scheming to defraud"

while trying to help a client buy five New York City apartment buildings last year.

Mr. Zaccaro's attorney, John Koegel, said Tuesday the suspension was an unfair penalty for actions that "would never have come to anyone's attention were it not for the political atmosphere that he was thrust into. This is an unwarranted action; it's a big deal about nothing."

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Admiral Says Spy Ring Enabled Soviet to Decode Secret Naval Messages

By George C. Wilson
Washington Post Service

WASHINGTON — The spy ring that U.S. authorities say was led by John A. Walker Jr. apparently enabled the Soviet Union to decipher coded secret U.S. Navy communications for an extended period of time and to adjust their operations at sea accordingly, Admiral James D. Watkins, the chief of naval operations, said Tuesday.

The officials said the navy's loss of sensitive information from alleged espionage by four navy men "very serious" but "not catastrophic."

Admiral Watkins termed the navy's loss of sensitive information from alleged espionage by four navy men "very serious" but "not catastrophic."

Admiral Watkins said there was "no indication" that the Russians had broken the code of how to detect U.S. nuclear missile submarines. He added, "therefore, we remain convinced" that the nuclear submarine force is "still 100-percent survivable."

Admiral Watkins indicated that the navy believes the Soviet Union received manuals and other design information on its communication gear from the spy ring, built copies

of the spy ring, and used the equipment to break the code on messages sent from ship-to-shore and from ship-to-ship by teletype as well as unscrambled secret telephone calls.

Defense Secretary Caspar W. Weinberger has made it clear that he considers security breaches a problem for the whole Department of Defense, not just the navy.

He has ordered an immediate 10-percent reduction in the 4.3 million military, civilian and contractor personnel cleared for secret information and announced that a panel would be named to "identify any

aspects of the program."

Soviet electronic eavesdropping trawlers trail U.S. warships at close range all over the world. Navy officials presume the trawler crews record the message traffic as well as radio back what aircraft carriers and other ships bigger than cruisers are doing.

That gear would unscramble intercepted communications, plus the reports on surface ship and submarine operations from the spy ring, would have been immensely helpful to the Soviet Union in trying to determine the military intentions and capabilities of the United States, according to military officials.

In his rebuttal to Mr. Lehman, Admiral Rickover, who retired from the navy in 1982, also said, "I

can state emphatically that no gratuity or favor ever affected any decision I made."

His statement came five days after the navy released the report of its Ad Hoc Gratuities Board listing hundreds of items and services that Admiral Rickover received from General Dynamics and accusing him of having been the "beneficiary of this longstanding pattern and practice of corporate largess."

Admiral Rickover said his receipt of gifts deserved to be "placed in the proper context," and he fo-



Admiral Hyman Rickover, right, with Jacques-Yves Cousteau, French explorer and pioneering submariner, at a party in Washington for Mr. Cousteau's 75th birthday. The Associated Press

Rickover Denies Retaining Most Gifts

By Michael Weisskopf
Washington Post Service

WASHINGTON — Admiral Hyman G. Rickover, saying "my conscience is clear," says that almost all of the \$67,528 in gifts he is accused of receiving from General Dynamics Corp. was given to supporters of a nuclear navy, including presidents and members of Congress.

In an official rebuttal to a letter of censure filed against him May 21 by Navy Secretary John F. Lehman Jr., Admiral Rickover offered, for the first time, his defense that he "never considered or treated these items as personal gifts."

He said that of "certain items" he received from General Dynamics from 1961 to 1977, he kept only a pair of diamond earrings and a jade pendant bought for his wife for \$1,125.

Admiral Rickover said he gave everything else away — to presidents, to members of Congress and their staffs, to "dedicated and hard-working" submarine crew members and to his office personnel.

In his rebuttal to Mr. Lehman, Admiral Rickover, who retired from the navy in 1982, also said, "I

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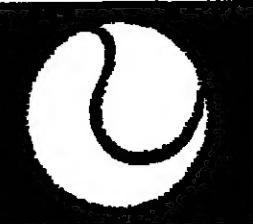
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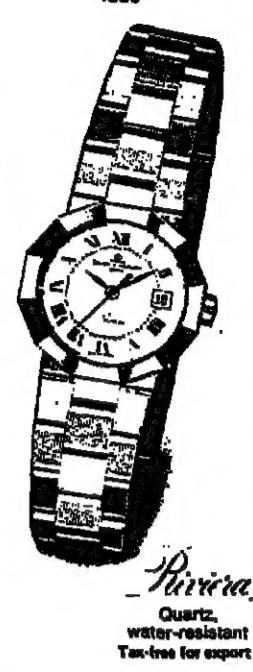
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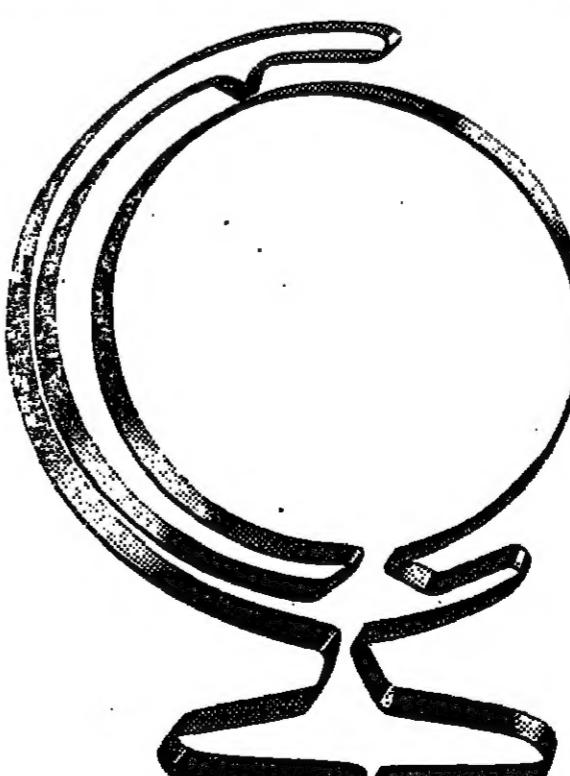


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INTERNATIONAL HERALD TRIBUNE

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

FIVE MONTHS FOR SALT-2

President Reagan has reached the right decision in postponing a clear violation of the SALT-2 missile limits next fall. He will "plan" to deactivate and dismantle one old-fashioned Poseidon missile submarine when a more potent Trident goes to sea. That buys five months for arms control negotiations. It also buys the time he would need to prove that America is not primarily to blame if they should fail.

Even if the Poseidon dismantling proceeds, the costs would be negligible. Keeping the submarine in service would exceed the SALT-2 treaty's ceiling — of 1,200 missiles with multiple warheads — by a total of 14 missiles. To have opted for that treaty breakout now would have risked torpedoing the Geneva arms talks, offending the NATO allies and undermining President Reagan's campaign to call attention to more ambiguous Soviet violations.

All this emphasis on violations is peripheral in any case. Both superpowers have reason to be perturbed about the pace of the arms race. What truly concerns them is not this old submarine or that secret jungle for marginal advantage but their wholly open acquisition of huge new weapons systems.

Mr. Reagan rightly complains about the disturbing Soviet buildup of the last decade, however much it is permitted by treaty. The Russians rightly complain of the alarming Reagan plan for a "star wars" defense, however much it is, so far permitted.

It is only a matter of time — very little time — before these exertions move from violating the spirit of arms control to destroying the core of the SALT-1 and SALT-2 accords. The first

has expired and the second was, at Mr. Reagan's initiative, never ratified. There is not much comfort to be found in the intervening Soviet and U.S. pledges nonetheless to observe the accords until new treaties can be negotiated. If Mr. Reagan and Mikhail Gorbachev do not shake hands on something firmer before SALT-2 also expires in December, they are bound to turn from constructive negotiation to bitter recrimination about their costly failure.

President Reagan's decision on the Poseidon, right as it is, does nothing to resolve the disagreements over arms control inside his own administration. Defense Secretary Caspar Weinberger loudly advertised a desire to answer Soviet treaty violations with an American violation. That makes Monday's choice by Mr. Reagan appear momentarily conciliatory. But the Pentagon comes away with ample authority to plan for more significant treaty breakouts: for testing a Midgetman missile as a supplement rather than replacement for the MX, and also exotic technologies that jeopardize the most significant of all arms agreements, the Anti-Ballistic Missile treaty forbidding significant missile defense.

Mr. Reagan thus plays out to the last available months his strategy of frightening the Russians with an economically ruinous arms race for offensive and defensive weapons. If he has judged right, a timely offer to restrain his "star wars" effort may yet yield a major reduction of both sides' offensive missiles. If not, no amount of concern for old treaty limits will contain the tense competition that lies ahead.

— THE NEW YORK TIMES.

It could not have been easy for President Reagan to decide to stick with his policy of not undercutting SALT-2, the (unratified) treaty he had done so much to identify as the epitome of bad arms control. His constituents on the right were bound to recall, in outrage, that he had labeled it "fatally flawed." Pentagon civilian chief's were pressing him hard to scrap the treaty. Soviet violations are both serious and accepted enough to have given him a strong rationale. Yet Mr. Reagan accepted more pragmatic counsel and did the right thing — in part to boost the Geneva talks. He agreed to keep in force the policy of not undercutting the terms of the unratified agreement and to stay under a key SALT ceiling not by the gimmick of drydocking an old Poseidon submarine but by dismantling it outright.

Mr. Reagan has walked a fine line between hotly contending parts of his administration. In effect he said to Secretary of State George Shultz and other partisans of the "no-undercut" policy: I am giving you five months to show that it will produce comparable Soviet restraint plus a good-faith Soviet approach to the Geneva talks. To Secretary of Defense Caspar Weinberger and others who wanted to scrap SALT-2, he said: Hold on for five months and then you may tell me what additional work needs to be done.

— THE WASHINGTON POST.

Regional arms-building steps are an "appropriate and proportionate" response to the military consequences of uncorrected Soviet violations. This, then, is Mr. Reagan's response to the problems caused by the Soviet compliance record. One need not accept every item in the Reagan bill of particulars to acknowledge that the Russians have violated in different ways important elements of various arms control agreements. Mr. Reagan had an obligation to show that he was addressing this special question seriously, and not just to make good on a campaign pledge or to win the American people's trust for further negotiated arms control.

In the process he has given Secretary Shultz an extremely demanding assignment, one for which he will need a degree of Soviet cooperation that is hard to imagine. In the short space of five months Mr. Shultz is to produce new Soviet restraint on violations — a sensible demand, although one that entails difficult issues of definition and verification. He is also to produce progress at Geneva. This may be an impossible condition, given the deadlock now prevailing and the difficulty of breaking it soon even if compliance were no issue. In any event, Mr. Reagan has contrived to ensure that November will be a dramatic month.

— THE WASHINGTON POST.

Poland Moves in Reverse

General Jaruzelski's Warsaw regime speaks softly to the West of amnesties and reconciliation. To Poles that same regime constantly speaks with the big stick of repression.

A year after an amnesty that led to the release of 650 political prisoners and the relaxation of Western sanctions, more than 100 political activists are back in prison. Three of the most prominent ones are now in the dock at a crude show trial in Gdansk, facing sentences of five years for inciting public unrest.

Today's Poland is a civil rights disaster area. Activists continue to be hounded and, as the kidnapping and murder of Father Jerzy Popiełuszko showed, the hounding is not just judicial. Bravely, tens of thousands of Poles continue to demonstrate resistance, but their demonstrations are being forcibly suppressed.

— THE NEW YORK TIMES.

Other Opinion

Keep SALT-2 and Better It

The Reagan administration has solved its internal difficulties over the SALT treaty — for that is what they chiefly are — by sticking more or less to the treaty's terms but doing so with minimum grace. The fact that the argument has been won, for the time being, by [George] Shultz and the State Department is offset for presentational purposes by heavy hints of retaliation for Soviet misconduct of the kind which [Caspar] Weinberger and the Pentagon like to hear.

The value of SALT-2 is not in the limits which are imposed on both sides. Those limits are ridiculously high. The value is the existence of a framework, however crude, which provides each side with reference points in its dealings with the other. As an arms control treaty, SALT-2 is almost threadbare in its loopholes and inadequacies. (SS-20s and cruise missiles fall outside its scope, for example.) But as a focus of such political agreement as exists between the two sides it is essential to keep it in place until it can be improved upon.

— The Guardian (London).

FROM OUR JUNE 12 PAGES, 75 AND 50 YEARS AGO

1910: U.S. Income Tax Is Unwanted

NEW YORK — On the federal income tax, The Hartford Times says: "It may now be regarded as certain that the income tax amendment will not be ratified by three-fourths of the States in its present form. Every New England State may be safely counted against it, and opposition of only twelve States is needed to defeat it." The New Orleans Picayune adds: "When it comes to giving the national government a club to break down our State's credit and tax our taxes, there would be no danger of Congress imposing a crushing tax upon [our] incomes."

1935: Intermarriage in South Africa?

LONDON — Returning from South Africa, George Bernard Shaw has proclaimed himself an advocate of intermarriage between blacks and whites. "The question is beginning to arise," Mr. Shaw declared in the Daily Telegraph, "whether white people can survive in South Africa. Mr. Oswald Pirow, Minister of Railways, made an appeal for immigrants, who were necessary to keep up the white population." But South Africa doesn't fill up. The mixture of two colors may provide the solution. It is not a question of black and white. There is no such thing as a white man on the face of the earth: the Chinese call us the 'pinks,' very properly. The Zulus are a superior type of person, and all attempts to keep them in an inferior position seems to break down before the fact that they are not inferior."

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International Herald Tribune, 181 Avenue Charles de Gaulle, Neuilly-sur-Seine, France. Tel.: (1) 747-1265. Telex: 612718 (Herald). Cables Herald Paris. ISSN: 0294-8957.

Délégué de la publication: Walter N. Thayer.

Asia Headquarters, 24-34 Hennessy Rd., Hong Kong. Tel.: 5-285618. Telex: 61170. Managing Dir. U.K.: Robin MacKichan, 63 Long Acre, London WC2. Tel.: 832-4802. Telex: 262009. Gen. Mgr. W. Germany: W. Landenbach, Friedrichstr. 15, 8000 Frankfurt/M. Tel.: (091) 726531. Telex: 416721. S.A. au capital de 1,300,000 F. RCS Nanterre B 732021126. Commissaire Paritaire No. 61357. U.S. subscription: \$122 yearly. Second-class postage paid at Long Island City, N.Y. 11101. © 1985, International Herald Tribune. All rights reserved.

A Semi-Victory for Substance Over Hard Rhetoric

By Joseph Kraft

WASHINGTON — The distribution of power in the second Reagan administration finds precise expression in the decision to abide by the SALT-2 treaty even though it has not been ratified. The White House rhetoric sounds tough. But control over most substantive issues — foreign policy as well as taxes and the budget — has passed out of the White House. Mr. Reagan has been assigned the role of hanging semi-tough.

On budget matters the point is obvious. The serious work is being done by Budget Director David Stockman and the Republican Senate leadership under Bob Dole. Mr. Reagan has had to go along with their moves to curtail military and Social Security spending. He will probably have to go further as Mr. Dole and Mr. Stockman work out a compromise with the House Democrats. The threat of a veto, implied in the smart-aleck dare to "make my day," is rhetoric.

On tax reform the work is being done by the Treasury under James Baker. In making accommodation with oil and gas interests, Mr. Baker turned Mr. Reagan around, and also the White House chief of staff and former Treasury secretary, Don Regan. Similar adjustments may be worked out as the legislation moves through the House and Senate. Talk about a "second American revolution" is also rhetoric.

In foreign policy, the heavy input comes from the State Department under George Shultz and from the National Security Council under Robert McFarlane. The Defense Department, under Caspar Weinberger, and the CIA, under William Casey, are consulted, and their positions tend to be amplified by the White House noise-makers under Pat Buchanan. But Pentagon procurement scandals and defense budget problems have sharply reduced the Weinberger clout.

The big losers in the decision against renouncing SALT-2 were Mr. Weinberger, Mr. Casey and Mr. Buchanan. All three had laid great stress

on Soviet "violations" of SALT-2. Mr. Weinberger's chief guru on strategic matters, Assistant Secretary of Defense Richard Perle, had advertised his views in a public speech on the subject. The rhetorical side of the White House had backed up the hard-line view by recalling that, in the 1980 campaign, Reagan had attacked the SALT-2 treaty as "fatally flawed."

But Mr. Shultz fought hard against a formal break with SALT-2, and mobilized forces that could not be ignored. At a meeting of the NATO

The upshot is postponement of a deliberate effort to destroy the Geneva negotiations.

Council in Lisbon, allied foreign ministers to a man supported him in resisting an overt breach of the rules. Earlier both Houses of Congress had passed by overwhelming majorities resolutions opposing formal denunciation. The implication was that Congress would make the already sticky going on the defense budget a lot stickier if Mr. Reagan departed from the terms of the treaty.

The national security adviser, Mr. McFarlane, deftly appropriated the military. The Joint Chiefs were asked whether, from a strictly military view, it would be better to honor SALT-2 and its mechanism for checking violations or to kick free of the treaty restraints. Their judgment was that the military outcome was inconclusive — in the words of one senior official, a "wash."

With that mandate in his pocket, Mr. McFarlane drafted language that made it possible to honor the treaty for the time being while nodding

in the direction of the previous assertion that SALT-2 was "fatally flawed." The key proviso, announced on Monday, is to deactivate for six months a submarine due to be scrapped under SALT-2. Thus Mr. Reagan avoids Soviet performance on arms control before finally going along with the treaty by retiring the sub. He reserves the right to react in response to any actions by Moscow perceived to be violations of the treaty.

The upshot is postponement of a deliberate effort to destroy the Geneva negotiations. The talks can proceed for several more months before the United States thinks again about breaking the SALT-2 treaty in a way that might lead to a Soviet disavowal of the whole process. With a little progress in the Geneva talks, the treaty can be kept intact.

Moreover, it is not as if the United States was leaving arms control success up to something the Russians could not deliver. It will be enough for Moscow to agree to a summit in the near future.

Mr. Reagan's decision is a technical victory for Mr. Shultz and Mr. McFarlane. Those hoping for an easing of Soviet-U.S. tensions have reason to sound two cheers. For the betting in Washington is that Mikhail Gorbachev will agree to a summit before his party congress in February.

But if substance saved the day from rhetoric, rhetoric is not nothing. There is a difference between saying the wrong thing and saying the right thing, and it matters in national leadership.

By saying the wrong thing, Mr. Reagan has so far marred his second term. He has alienated the Democrats and much of his own party. He has put off America's allies, and handed cheap propaganda openings to the Russians. He has failed to seize unambiguously the historic opportunity for a second term. Instead of rising to the statesman's role, he has made himself the faltering leader of an embattled, ideological faction.

Los Angeles Times Syndicate.

Third World Centrists: Denying Them Can't Help

By Leon Wieseltier

try machinery that was resisting it. The liberal insistence on such an avenue was scorned as "soft."

To thwart Moscow, which was expertly exploiting instability in places pertinent to U.S. security, Washington would have to swallow its disgust and make alliances with murderers, who were craftily called "authoritarians." Poverty in El Salvador notwithstanding, the emphasis of U.S. aid would be military. This was a foreign policy for which the time was always twilight, for which the task was always to traffic with lesser evils.

According to the president's analysis, in short, Mr. Duarte was an impossibility, a figment of the liberal imagination. The United States, it was quietly and not so quietly suggested, should side instead with the authoritarianists of ARENA. Roberto d'Aubuisson's lethal party of the right. Indeed, Americans flirted with such a choice, until it was discovered that this authoritarianism was not above an attempt to assassinate the U.S. ambassador, Thomas R. Pickering. Ing. Then Washington came to its

Ronald Reagan came into office with a principled reading to soil American hands in the defense of freedom. He argued that the hour was past, in developing societies in which revolution had begun, to hope for an avenue between the tyranny of Leninism and the savagery of the military

machinery that was resisting it. The liberal insistence on such an avenue was scorned as "soft."

To be sure, Mr. Duarte is the product of an urban middle class committed to civil liberties and the economic blandishments of an open society.

Moreover, the U.S. part in the modern history of the region, while not exactly one of its finest chapters, had the ironic consequence of imparting democratic ideals, if only by honoring them in the breach. Latin American democrats frequently invoke Jeffersonian principles.

Such conditions for the center may be found in other spots of turmoil, most notably in the Philippines. There, a Duarte-like figure exists in the person of the opposition leader, Salvador Laurel. Yet the United States, in defiance of all the rules for a Duarte-like success, continues to encourage the extremism of President Ferdinand Marcos.

The United States cannot invent democrats around the world. But surely it can help them when they are there. It will not help them if it decides at the outset, out of a kind of conservative deafness, that the work that remains to be done is dirty.

The writer, literary editor of *The New Republic*, contributed this comment to *The New York Times*.

Letters intended for publication should be addressed "Letters to the Editor" and must contain the writer's signature, name and full address. Letters should be brief and are subject to editing. We cannot be responsible for the return of unsolicited manuscripts.

LETTERS TO THE EDITOR

Toward an Army Apart

In response to the report "Study Calls Reporters a 'Necessity' Where U.S. Troops Are in Combat" (May 31):

The report by the Twentieth Century Fund Task Force on Military and the Media addresses just one aspect of the growing gap between the military and the rest of American society. The all-volunteer armed forces, in spite of some positive qualities, will inevitably be the source of a "gap" in American society.

The armed forces are not a cross section of the population. Minority groups are represented far in excess of their proportion of the citizenry. Cross-fertilization between the military and the rest of society is severely limited, as military personnel tend to share their careers and other Americans struggle in the marketplace.

Career military personnel have always had limited contact with other walks of life. But in a few years virtually no high government official or influential civilian — Congressman or corporation executive, judge or journalist — will have had military experience. At that point, what sort of mutual understanding will exist between the elites of American society and the leaders of its armed

No Discrimination at All

Anthony Lewis's opinion column on reverse discrimination ("Crazed in Favor of White Men," June 7) confuses the issue. He promotes the principle that one keeps hearing from people like him: Discrimination according to sex and race is sometimes good (if it suits social purposes they approve of) and sometimes bad (if it suits social purposes they disapprove of). Mr. Lewis and those who share his position need to learn that it is discrimination that is wrong. The principle is simple enough: You deal with people according to their competence, not their race or sex.

WILLIAM C. DOWLING
Cologne, Germany

One Country Editor's Last Deadline

By James Reston

Boston, or to check in at the Massachusetts General Hospital in Boston when he was in trouble.

A young colleague on The Gazette asked him one day if he didn't long occasionally to see the world beyond the waters of the Vineyard.

"Not often," Henry Hough said, "but when I feel the urge coming on, I collect a bunch of old National Geographic magazines, climb up to the attic of The Gazette and stick my feet in a bucket of cold water until the feeling wears off."

He worried about death and retirement. In his book "Country Editor," he suggested that death is the most characteristic of all the forces in a country town, because there are always so many old people living there, and the passing of an individual is so much more important than it is in the city. Besides, a town has time to mourn.

The obituary is a distinctive story-form for the country weekly because it has to tell not only the stark facts of somebody's life, but it has to tell also a little of what that somebody was like, and what his career seemed to stand for. It has to tell even what a nobody was like, for the poorest citizen is in the eyes of the town a man.

It amused Mr. Hough when one of our old newspaper buddies here on the Vineyard, Red Smith, of the Old Herald Tribune and The New York Times, made a speech, saying: "Death is no big deal — almost anybody can manage it. Living is the trick we have to learn."

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Nicaragua
A Neat Way
Is Unlike
By Tom Wick

Block Says U.S. and EC Agree on Need to Avoid Trade War on Subsidies

Reuters

PARIS — The U.S. agriculture secretary, John R. Block, said Tuesday that he and European Community farm ministers had agreed on the need to avoid a trade war over subsidies to their food exporters.

But he said that there could be no quick reversal by Washington of its recent \$2-billion export bonus plan to increase the sales of American surplus farm products.

In the first announced sale under the plan, the United States will sell one million metric tons of wheat to Algeria, including an unspecified quantity of surplus wheat to be released from U.S. government stocks and given to U.S. exporters at no cost.

"I was convinced by more than just words that agreement could be reached to resolve our trade differences," Mr. Block said, "over a period of time, we could back away from this program."

But he said the plan was also supported by Congress, and that the administration could not move away from it unilaterally.

He was briefing reporters on a working dinner Monday night with some farm ministers from the 10-nation European Community. He called the meeting "constructive and very useful." The ministers

were in Paris for the annual ministerial meeting of the United Nations World Food Council, which started Monday.

Mr. Block said that both the United States and the community recognized that subsidies had to be reduced. "A trade war only benefits the buyers, not the sellers, so we must find ways to avoid a trade war," he added.

The French agricultural minister, Hervé Nallet, and the minister of foreign trade, Edith Cresson, said earlier this week that the U.S. export plan risked provoking retaliation from Europe.

The United States and the EC disagree over how to deal with agricultural issues in the proposed new round of international trade negotiations through the General Agreement on Tariffs and Trade, or GATT.

The EC farm commissioner, Frans Andriessen, told the World Food Council on Tuesday that the community was ready to negotiate in the GATT framework provided that talks on agriculture were not restricted to EC farm policies.

On Monday, President François Mitterrand of France told the World Food Council that France would oppose pressure for free trade in agricultural produce in any future world trade talks.



John R. Block

also proposed that world food trade should be organized to protect the livelihoods of farmers in developing countries. Mr. Block said Tuesday that he opposed Mr. Mitterrand's suggestion.

Mr. Block denied that the bonus program amounted to the United States dumping surplus grain on world markets. He said the program did not contravene GATT rules.

■ Ministers Discuss Cereals

EC farm ministers returned Tuesday to negotiations in Luxembourg to try to agree on cuts in cereals prices, Reuters reported.

West Germany has blocked moves to bring the community's guaranteed minimum prices more into line with lower world prices, threatening to veto even modest cuts.

Gandhi Aides Fear a Shift From Domestic Priorities

By Steven R. Weisman
New York Times Service

NEW DELHI — Prime Minister Rajiv Gandhi continues to enjoy popularity at home, but some of his associates are frustrated at the slow pace of progress in solving India's problems.

More than one political commentator in India has noted that Mr. Gandhi's recent travels reflect the standard practice of political leaders to shift their attentions to global concerns as a respite from problems at home.

Mr. Gandhi has been spending a lot of time on the road. Two weeks after returning from a six-day trip to the Soviet Union, he was off again for visits to Egypt, France and Algeria before arriving in the United States on Tuesday. He is to stop in Geneva before returning to India next Monday.

Mr. Gandhi's aides, meanwhile, acknowledge that much of the energy has gone out of their efforts to solve what most agree is India's biggest domestic crisis: the turmoil surrounding the demand by Sikhs for greater autonomy in the Punjab.

Last week marked the first anniversary of the army raid on the Sikhs' holiest shrine, the Golden Temple in Amritsar, in which hundreds of Sikhs were killed. The raid was ordered by Prime Minister Indira Gandhi, Rajiv Gandhi's mother, in response to bombings and killings by Sikh extremists, who had been using the temple as a sanctuary and arms depot.



Rajiv Gandhi

Government officials feared there would be renewed bombings and killings by Sikhs extremists to commemorate the Golden Temple raid. Even the less militant Sikhs leaders had called for agitations and demonstrations in honor of what they called "genocide week."

But perhaps because of a heightened army and police presence throughout northern India, especially in the state of Punjab, there has been little violence.

In an interview last week with reporters from U.S. news organizations, Mr. Gandhi acknowledged that they called "genocide week."

that government actions in the crisis were being held in abeyance.

"We're waiting to see a response from them," he said of the Sikh leaders. "We're not talking to any one at the moment."

Many of the prime minister's associates have expressed frustration over the fact that concessions by the government have failed to persuade Sikh leaders to negotiate a peaceful resolution of their demands. But Mr. Gandhi said he had been encouraged, at least, that most Sikh leaders deplored the bombings by Sikh extremists last month. The bombings killed more than 80 people in northern India.

Some of Mr. Gandhi's other initiatives also have recently seemed bogged down.

A long-promised package of educational changes is reportedly still being studied by officials. And many experts have wondered if the recent reaffirmation of socialism by the governing Congress (I) Party would lead to a slowdown in the effort to free the economy of government controls.

The prime minister's government proposed a new textile policy last week, saying a range of regulations would be reviewed. The policy calls on greater latitude by industry leaders to determine what to produce based on their view of the market.

Increasingly, the army has been used to quell disturbances. It was called out 175 times in the last year and a half, twice the number of times in the previous two years.

said he was aware that many people had advised India to pay less attention to outer space and computers and more to the poverty of hundreds of millions of Indians.

"I think the people in Africa and Latin America have paid far too much attention to such advice," he said.

It is not merely a matter of high technology's improving Indian self-sufficiency in agriculture and other areas, he went on, adding: "Apart from that, there has to be something that we are building up to. If you try and get the lowest common denominator for everything, then we're going to be more backward, and not progress at all."

The prime minister's aides say the one breakthrough Mr. Gandhi has made is in changing the political process itself. They note with satisfaction his removal of many of his mothers' old-line political advisers.

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Some Arabs Are Critical Of Peres Plan for Peace

The Associated Press

CAIRO — Some Arabs reacted coolly Tuesday to the Middle East peace proposal outlined Monday by Prime Minister Shimon Peres of Israel.

State-run newspapers in Egypt refrained from comment, but other Arab newspapers criticized the plan because it ignores Arab calls for an international conference and excludes the Palestine Liberation Organization from a role in negotiations.

A spokesman for the PLO, said the Peres proposal offered "nothing new" and was "against all the points" proposed jointly by the Palestinians and Jordan.

The state-influenced daily newspaper Al Ittihad, published in Abu Dhabi, said the Peres formula was aimed at avoiding "unanimity on the idea of an international conference" and showed that the Jewish state was "clearly prevaricating" on peace moves.

Mr. Peres outlined his five-point proposal in a speech to the Knesset, the Israeli parliament.

He rejected the Jordanian idea of

a conference among the five permanent members of the United Nations Security Council — the United States, the Soviet Union, Britain, France and China — and the PLO.

Mr. Peres countered, however, with a proposal to "enlist the support" of the five powers for direct talks between Israel and a Jordanian-Palestinian delegation.

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Mr. Peres' five points were:

- Continuing the talks between the United States and Israel, Jordan, Egypt and Palestinians who are not PLO members.

- Creating Israeli and Jordanian-Palestinian teams to set an agenda for a peace conference, "with the participation of the United States."

- Enlisting the support of permanent Security Council members for direct talks "without their pre-committing themselves to the stand of one of the sides."

- Appointing "authentic Palestinian representatives" from the occupied West Bank of Jordan and

the Gaza Strip, areas Israel captured in the 1967 Arab-Israeli War.

"Convening an opening conference within three months, at a place to be agreed on in the United States, Europe or the Middle East."

In Amman, Jordan, Nabil Amer, a spokesman for the PLO, said the Peres proposal offered "nothing new" and was "against all the points" proposed jointly by the Palestinians and Jordan.

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INSIGHTS

U.S. College Tuition: It's an Auto Dealer's Mix of Discounts, Lures

By Edward B. Fiske

New York Times Service

NEW YORK — When Laura Hurwitz opened her letter of acceptance from the College of Wooster in Ohio last month, she found that she had been offered an unsolicited scholarship of \$1,000 a year. To her father, who heads the breakfast foods division of General Foods, it struck a familiar chord.

"It reminded me of how we give out coupons good for 25 cents on the next purchase of Post Raisin Bran," said David F. Hurwitz, who lives in Darien, Connecticut. "Laura was offered a 10-percent discount on a college education."

The Hurwitz' experience reflects the recent blurring of differences between the pricing policies of higher education and those of other highly competitive industries such as automobiles and airlines.

Most colleges and universities have announced tuition increases for next autumn that range from 7 to 10 percent. The tuition hikes are lower than those of recent years but are still twice the rate of growth in the Consumer Price Index, which measures the average change in prices of U.S. goods and services.

To justify the increases, institutions cite factors ranging from the labor-intensive nature of teaching to cutbacks in federal aid for students.

But interviews with economists, college financial officers and others across the nation suggest that the real reasons are far more complicated and involve assumptions and practices that go largely unnoticed. Among them are the following:

- Many colleges have few incentives to keep costs low and set official tuition rates as high as the market will bear.

- Discounts of various kinds are routinely offered to certain categories of students.

- Officials of competing colleges frequently share financial information in ways that some concede would be illegal in the commercial sector.

- Tuitions are structured so that undergraduates subsidize doctoral candidates, wealthy students help poor ones, and students in certain majors, such as philosophy, subsidize those in others such as engineering.

As competition for able students increases, colleges are foregoing efforts to keep tuition down and are trying to spend as much as possible on academic quality, redistributing their resources to offer discounts to selected students.

THE new discounts range from merit scholarships for middle-class students to foreign-student tuition indexed to the strength of the dollar in home countries. Like automobile dealers, colleges are attracting customers with sophisticated financing arrangements, many of them designed to help wealthy families use the tax code to ease education expenses.

"We are all trying to outsmart each other in what is probably the most competitive industry in the country," said Eamon M. Kelly, the president of Tulane University in New Orleans. "Tuition don't go up at the rate they do because we're labor-intensive. Tuitions go up because we have become a discounting industry."

The process of setting tuition is complex.

Although they face the same general costs, private colleges and universities as a group cannot match the price of public institutions. Instead, they base their appeal primarily on quality, a principle that also applies to competition in private industry.

"Overwhelmingly, students and families choose an institution on the basis of academic quality and not price," said Neil L. Rudenstein, the provost of Princeton University in New Jersey.

Recent statistics show that applications to many of the most expensive and selective schools have been increasing at an even faster rate than tuition. At Bowdoin College in Maine,



for example, where tuition has risen by 16 percent over the last two years, applications have been up by one quarter.

Given the choice between lowering tuition and increasing quality, top academic institutions are tempted to choose the latter. Most colleges that have large endowments, and therefore could lower tuition if they chose to, tend to charge the highest tuition.

"The basic operating theory is to raise all the money you can and then spend it all," said Howard Bowen, a leading expert on higher education finance at the Claremont Graduate School in California.

Timothy Warner, an associate provost at Stanford University in California, said planners there build an annual 2-percent "quality increase" into the budget.

Some officials say it is difficult to project an

image of high academic quality in the absence of high tuition. "This isn't something they will tell you on the record, but there is a kind of macho attitude," said F. Frederick Starr, the president of Oberlin College in Ohio. "People say, 'Boy, that's a high-priced place, but people are tripping over themselves to get into it. They must be terrific.'"

For many years Bennington College in Vermont, which had no endowment, made a point of being the nation's most expensive college. In the late 1970s the University of Chicago concluded that it was "under-priced" for the quality of education it was offering and began raising tuition at a faster pace. "We were underpriced by \$1,000 to \$2,000," said Hannah H. Gray, the president. "We're still lower than our competition, but we had some room for increases."

Most private colleges have a group of peer

institutions with which they compete, and a primary goal in setting tuition is to stay in line with that competition.

Bernard R. Carman, spokesman for Lafayette College in Pennsylvania, said his institution regularly exchanged information with 27 other small liberal arts institutions, from Amherst College in Massachusetts to nearby Susquehanna College, and used the data as a benchmark.

Mr. Starr said there was a "tremendous underground communications network" between college administrators in the early phase of the budgeting process. "It's like runners positioning themselves at the beginning of the race," he said.

Sheldon E. Steinbach, general counsel of the American Council on Education, the major national coordinating body for higher education, said, "If Ford, General Motors and Chrysler sat down and did what colleges do, they would be in

a vulgarization of culture. 'The nightclub replaced the concert hall,'" he said. "Frank Sinatra replaced La Scala." According to Mr. Awad and other leftists, Egypt's "Hilton economy," as the exit of the Russians and entry of Western business interests became known, had no place for culture or intellectuals, most of whom then were, and still are, left-of-center.

Sadat's 1977 trip to Jerusalem, which made him a hero in the West, sent shock waves through Egypt's, and the Arab world's, intelligentsia. Egyptian intellectuals had an Arab market," said a newspaper editor, who requests anonymity. "So the Arab states' intellectual, economic and political boycott of Egypt after Sadat's peace with Israel in 1979 was a particular blow to them. They were cut off from the pot of gold: the Gulf. There was too small a market and too little money in Egypt to sustain them."

Mr. Sadat reacted badly to their growing criticism. He initiated his own purges. Opposition papers, whose revival he had sanctioned, were the first casualties. Then came the massive arrests of more than 1,000 critics of all stripes, including Islamic fundamentalists, in September 1981 — less than a month before his assassination by the Islamic militants whom he had earlier mobilized and unleashed against leftists and other foes.

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President Mubarak has promoted a democratic trend in Egypt, similar to the one Sadat initiated but abandoned. Since coming to power in 1981, Mr. Mubarak has permitted the re-establishment of opposition political parties, and emphasized his commitment to freer expression.

Ahmed Baba el-Din, one of Egypt's leading newspaper columnists, says that Egyptian intellectuals are now reaping a legacy of the Nasser years that has harmed cultural life: pressure from the bottom of society, from the "masses."

Nasser opened the schools and universities to all Egyptians, but he did not sufficiently increase funds for the schools, teachers or books. The revolution betrayed the people by producing millions of semiliterates, said Mr. Baba el-Din: "These newcomers, with superficial education, came to Cairo, allured but frightened by what they saw here. They could not enjoy, or afford, what Cairo had to offer. They have been incorporated into the system, but they have lowered its standards." Many of the most virulent

violations of anti-trust laws." He noted, however, that "tuition only pays a small fraction of the cost of education."

To maintain or improve quality, private colleges have developed a variety of internal subsidies that affect the amount of tuition a particular student will pay.

Many research universities, for example, use tuition income from undergraduates to subsidize graduate students and research programs. Graduate students pay tuition, but many receive fellowships or hold jobs as teaching assistants that are funded partly by undergraduates' tuition payments. "Our graduate students in arts and sciences get a free ride," said Mr. Kelly of Tulane. "The overhead costs are paid by undergraduate students."

Katharine H. Hanson, executive director of the Consortium on Financing Higher Education, said that among 30 selective private institutions, the cost of a year at undergraduate liberal arts colleges tends to be "\$1,000 to \$2,000 lower" than the cost at a research university of comparable academic reputation with graduate schools.

In another internal subsidy, revenues from students in such low-cost academic areas as the arts and humanities are used to pay for instruction in science, which is much more expensive.

"There's a correlation between high tuition and high commitment to science," said Mr. Starr of Oberlin, a liberal arts college that has traditionally been strong in the natural sciences.

Finally, colleges are increasingly using income from wealthy students to subsidize the education of poor and middle-class students.

Swarthmore College in Pennsylvania has announced an 11-percent tuition increase for this fall in order to restructure its financial aid packages. "We decided we have fewer students from low-income families than we should," said David Fraser, the president, "so we are lowering the amount of loans we offer and increasing the amount of outright grants."

Some critics argue that this "Robin Hood" approach is unfair to students who pay the full amount. College officials reply that tuition revenues cover only a portion of operating costs anyway; even students who pay the full tuition are receiving a subsidy from endowment, gifts and other income.

They also argue that socioeconomic diversity is intrinsic to the quality of the experience that they offer. And it would be impossible, they say, to recruit top students without pouring substantial amounts into financial aid. "If you define the pool of students who met our academic standards and had the money to pay, you're only talking about 18,000 people in the entire country," said Arnold R. Weber, the president of Northwestern University in Illinois.

Economists specializing in higher education say that the tuition rise can be deceiving. A major trend that mitigates the tuition increase is the widespread practice of "discounting."

Robert Zemsky, an economist at the University of Pennsylvania, said the pricing of higher education increasingly resembles that of the car industry. "You have to look at college tuition the way you look at a car," he said. "You have a sticker price, a discount price and a cash price and most people get some kind of a deal."

Mr. Zemsky traces the concept of discounting to the federal student assistance programs in the mid-1970s. Poor students could have almost their entire education subsidized, but even wealthy ones paid a lower "cash price" because they had access to loans that were interest-free for as long as four years and were repaid in inflated, and therefore cheaper, dollars.

"Go back to the automobile analogy," said Mr. Zemsky. "It didn't matter what the sticker said. It was the monthly payments that mattered."

According to the American Council on Education, two-thirds of undergraduates in private colleges and universities and one-third of those in public institutions receive some sort of assistance. The leveling-off of federal student assistance

started with Iran?" said a newspaper editor. "Or that the Palestinians were also to blame for the mess they are now in?"

There is an equally disturbing silence about the slowly growing strength of Islamic fundamentalism in Egypt.

Many see the Arabs' future as one of struggle between religious and secular forces. Religious Moslems reject this portrayal, preferring to describe the struggle as one between liberal Islamic trends and factions that favor sending Egypt on "the Straight Path" into the past.

At present, the few who dare challenge the fundamentalists do so at their peril.

"No one in Islamic societies wishes to be accused of being 'anti-Islam,'" said P. J. Vassikios, the London-based historian. "The Koran contains the Words of God and are, hence, perfect. It cannot be questioned; it outlines a perfect pattern for the universe. Anyone who does not follow it is a heretic, and that's a powerful charge against Moslems."

Said Al-Ashmawi, a chief justice, is a Moslem. In 1981, he began publicly opposing the fundamentalist call for the adoption of Sharia, or Islamic law, in Egypt, contending that it was based on a misinterpretation of Islam and the concept of Sharia. Several sheikhs responded by declaring his blood "lawful" — that is, killing him would not be a sin. Judge Ashmawi, a legal scholar, refused to recuse himself.

Egypt appears divided over how Islamic military should be handled. Many Egyptians, including some prominent intellectuals, argue privately that fundamentalists should be treated harshly as a signal to others that violence and extremism, even under religious cover, will not be tolerated. "Fundamentalism proliferates and intensifies when the central government is perceived as weak," said a senior Egyptian official.

President Mubarak, however, believes that only the strengthening of democratic institutions will prevent the spread of the "cancer" of Islamic militancy. Repressing only the most violent Islamic forces, he seeks to incorporate more moderate Islamic forces into the political process to avoid driving them underground, where they might fester, multiply and become violent.

For the moment, the strategy seems to work. There is little sectarian strife or violence in Egypt. But some analysts say the government's unwillingness to take a clear, public stand against calls for the imposition of Islamic law in this religiously heterogeneous country, its reluctance to champion openly secularist forces or even modernist trends within Islam, could lead to strife.

This article has been excerpted from *The New York Times Magazine*.

Arab Intellectuals Bedeviled by Fundamentalism, Sense of Impotence

By Judith Miller

New York Times Service

CAIRO — Each Arab country has its symbol of intellectual malaise.

On a sunny, warm morning in January, Mahmoud Mohammed Taha was publicly hanged in the main square of Kober Prison, near Khartoum. His crime was "heresy." Mr. Taha, 76 years old, had distributed a pamphlet that opposed the way in which Islamic law was being implemented in Sudan. The amputations, lashings and other harsh punishments of criminals had distorted the spirit of Islam, he argued, and had damaged Sudan's international standing.

Last month, an Egyptian court fined three bookellers for violating the country's pornography laws by selling a new, unexpurgated edition of "A Thousand and One Nights." Egyptian officials also seized 3,000 copies of the Arabic classic. "We want to expunge from this book the dirty words, sentences and tales which have bad effects on the youth and push them toward deviation and corruption," said Brigadier Adly el-Kosheiry, head of the Interior Ministry department that prosecuted the case.

Whether dramatic or little-known, such incidents point to the fact that the Arab intellectual — the heir to a 1,300-year-old culture that was once open to other civilizations and which accorded its poets, philosophers and scientists high public esteem — is increasingly being isolated and threatened.

These reasons differ from country to country, but Arab intellectuals face some common foes.

Foremost are the high priests of Islamic fundamentalism who give the most literal interpretation to Islam's holy scriptures. These ultraconservative sheikhs are the new inquisitors, the self-appointed navigators of "al-Sirat al-Mustaqim," or "the Straight Path," a phrase from the opening chapter of the Koran that is repeated five times a day by devout Moslems. To challenge or even question "the Straight Path" is to risk being branded a heretic. Few choose to do so. The ascendancy of fundamentalism implies the rejection not only of Western culture and values, but also of modernizing trends and traditions within Islam.

The Arab intellectual has other enemies in "socialist" Arab states, such as Syria, Iraq, Libya and South Yemen, leaders who espouse revolutionary creeds have imposed a "Straight Path" of their own secular, authoritarian invention. The price of deviance in these regimes is exile, imprisonment, torture or death.

Another potent enemy is the glittering "petrodollar culture" of Saudi Arabia and sheikdoms of the Gulf. Throughout the Gulf, Arab rulers of deeply conservative bent, although not of the extremist stamp of

guavine self-doubt. "What does it mean to be an intellectual in a country like Egypt, where 70 percent of our people are illiterate and wretchedly poor?" said Boutros Ghali, Egypt's minister of state for foreign affairs, a former professor and one of his country's most reflective officials.

Egypt is one of the few Arab countries in which such questions are still routinely posed and debated. In fact, there is no better way to understand the current crisis in Arab thought than by tracing the intellectual decline of Egypt, long the cultural capital of the Arab world.

Egyptian intellectuals have a long and distinguished tradition. They are a brave lot. Almost all have spent time in jail during the past 20 years; some have been forced into exile. Under President Hosni Mubarak, a democratic trend prevails. But the greater freedom has served to underscore the Egyptian intellectual's sense of loss.

"The Cairo of old was a constantly stimulating place," says Youssef Idris, one of Egypt's most widely admired playwrights and novelists. "It was the Arab world's cultural mecca. Last week, a friend of mine, a poet, came to Cairo and wanted a night out on the town. He proposed taking in a good new play, a new Egyptian film or fine concert. But here in this city of 14 million, there was nothing much of value to see. You know where we wound up? In a night club."

"The Arab world was once a culture of the word," said Professor Ajami. "Now there is

a vulgarization of culture. 'The nightclub replaced the concert hall,'" he said. "Frank Sinatra replaced La Scala."

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Islamic extremists have come from this group, says Mr. Baba el-Din.

Urban universities are flooded with students. Still understaffed and underfinanced

HUNGARY

Trade and Investment Opportunities

Trading Difficulties with the West - But Still a Healthy Balance

The aim is clear, and has been expressed several times: to improve the external equilibrium of Hungary's foreign trade.

Purists might object that it is impossible to have a better than perfect balance. As far as convertible currencies are concerned Hungary last year showed a healthy trade surplus of US\$ 600 million notwithstanding a deterioration in the terms of trade. Let us add to this US\$ 265 million arising from tourist trade out of which however U.S.\$ 180 was allocated to Hungarian citizens travelling abroad to the West. When adding the U.S. \$164 million we get a surplus of U.S. \$764 million. This made it possible to reduce the country's short-term debts in 1984 as well as to increase the foreign exchange reserves of the National Bank of Hungary. What the Hungarians have in mind, though, is an easing of the restrictions imposed by numerous Western countries in trade deals with Hungary.

Some Facts and Figures

In 1984 Hungary transacted 53% of its total foreign trade turnover with countries belonging to the Council for Mutual Economic Assistance (COMECON), with the Soviet Union alone accounting for 32% of the total foreign trade value. The share of OECD countries in Hungarian foreign trade turnover remained at around 35%. While the developing countries made up the remaining 12%. All in all, it would seem a fairly reasonable distribution - but Hungarians think it should be more heavily weighted towards the west.

And could be, were it not for a few adverse factors. Foremost among these are what the Hungarians see as the protectionism exercised by European Economic Community countries. These account for 45% of Hungarian exports to Western countries. Further negative trends in international trade have been strengthened by the introduction of stricter criteria in the export licensing procedure of the United States, above all the inclusion of additional items on the prohibited list drawn up by COCOM.

Unequal Treatment

Thóz Antalpeter, Director General in the Hungarian Ministry of Foreign Trade said it was important to appreciate the fact that there was no central Hungarian policy decision regarding what OECD countries should hold in Hungarian foreign trade. Hungary was more than willing to buy from them but this depended on raising the money by exporting to convertible currency countries. And here Hungary ran up against difficulties.

There was a time - in 1978 and thereafter - when Hungary itself had to take "austerity" measures because of a rather heavy balance of payments deficit. This led to a decrease of imports in convertible currencies. At the same time it became obvious that there was close relationship between the rate of growth and imports: if you slow imports you hamper the growth of the economy.

By 1983 Hungary was able to begin lifting administrative import restrictions. Membership of the Interna-

tional Monetary Fund made it possible to regularize external borrowing facilities which eased the parameters for foreign trade, and relationships with commercial banks returned to normal. And as from 1st January 1985 the remaining import restrictions have been abolished. Hungary is willing to do unlimited business. The obstacles are all on the western side.

Questionable MFN Status

Under the General Agreement on Tariffs and Trade (GATT) to which Hungary acceded in 1973, it is clearly stated that discriminatory quantitative restrictions are inconsistent with Article 13 and should be eliminated. All the contracting parties to GATT, with the exception of the European Community, have fulfilled their commitments in this respect, so that Hungary enjoys full GATT treatment in all parts of the world outside the Common Market.

voured Nation status for Hungary. This would amount to an assurance for the business community in both countries that their respective governments were in favour of promoting and facilitating trade on a long-term basis. In any case the Americans would stand to benefit more from this than the Hungarians, Mr. Antalpeter thinks.

Whatever happens 1985 is going to prove a most interesting year for the Hungarian economy. The foremost need now is to increase investments so that vital structural changes in the economy can be completed. This can only be accomplished through a reasonable period of understanding is shown by partners abroad. In this respect it may be of certain interest that joint ventures established with Hungarian enterprises as partners can bring many comparative advantages.

A Milestone in Management

1985 may well be seen by future generations as a turning point in the Hungarian economy. After years of austerity necessitated, in part, by circumstances beyond its control, Hungary can be said to have emerged from the dark tunnel of the liquidity crisis. Plans which were under contemplation for several years have begun to be implemented aimed at consolidating the national economy.

As Miklós Pulai, Vice-President of the National Planning Office in Budapest, put it: "The crisis forced us to think about the possible steps for proceeding with our economic reform, even if we were only able to contemplate the future in-between periods of dealing with acute day-to-day problems such as taxes and regulations."

What has emerged is a three-pronged initiative which, it is hoped, will give a dynamic impetus to production and make Hungary a shining example of what can be achieved by a centrally-planned, but not dogmatically controlled, economy.

The essential elements are:

1. To increase the autonomy of enterprises, utilizing their full potentials but also exposing them to risks;
2. To extend the scope of market influences and encourage the application of market mechanisms; and
3. To increase the efficiency of management by taking into account the previous two factors.

Hungarian-Style Self-Management

Hungary commenced economic planning on a national scale nearly four decades ago. In line with a resolution passed in April 1984 by the Central Committee of the Hungarian Socialist Workers' Party (the Hungarian Communist Party), planning has been made a more open and flexible process and targets brought closer to realities.

Broadly speaking the objective of the 1983 management system was to combine a planned economy with market mechanisms.

In this spirit, two new forms of company management have been introduced in Hungary as of 1st January 1985.

The first is the Enterprise Council exercising owner's rights in the case of medium-sized and large

enterprises. It is entitled to pass decisions on major questions of organization, and business policy. Furthermore it appoints the general manager (subject to ministerial approval) and exercises employer's rights with respect to the manager. The Enterprise Council consists, in equal numbers, of delegates of the workers (employees) and representatives of the firm's management.

The second form applies to enterprises with a workforce of less than 500. In this form it is the General Assembly of workers which exercises ownership rights. The executives and the manager

are elected - and if necessary recalled - by the workers' collective without any intervention from a supervisory body.

Hitherto, in Hungary, only cooperative societies have had elected managers and officials.

Under these circumstances the question arises as to whether a manager will continue to put purely business interests in the foreground or just make an effort to please his workers, to be as Mr. Pulai put it - a "good boy". On the basis of experience gained in similar circumstances at agricultural cooperatives no problems are anticipated in this respect. Hungarians prefer a tough, efficient boss who makes them work hard to get good results and help them make more money.



A dollar-based off-shore international bank located in Budapest
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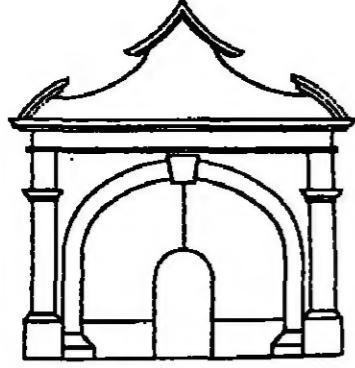
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Hungary's Joint Ventures A Socialist Speciality

During the past decade there has been a pronounced swing in the Hungarian economy towards the formation of joint ventures. More and more foreign firms are grasping the opportunities offered to them for producing their goods and offering their services in Hungary. The advantages are mutual, and Hungary is encouraging this form of participation with all the means at its disposal.

Whereas the conclusion of co-operation agreements and licensing arrangements have long been a feature of Hungarian business life and trade, the switch to joint ventures only really began in the mid-1970s. The turning point came after the publication in 1972 of a Finance Ministry "Decree on Economic Associations with Foreign Participation", subsequently amended and extended, in 1977 and 1982.

What was it that prompted this significant opening to the west on the part of a loyal member of COMECON? Because it is the West (in the sense of the advanced industrial nations) which is being sought as a main partner for joint ventures with Hungarian enterprises.

Hungarian economists are quite willing to bare their breasts in giving the answer. Whereas there have been rapid developments in Hungary during recent decades - with new industries emerging and agriculture being modernized - the level of development, they say, still lags 40-50% behind that registered in the industrialized countries of western Europe experiencing similar conditions. It was therefore seen as an urgent necessity to close the gap. The country's policy makers devote considerable attention to making such structural changes in the national economy as will improve its international competitiveness, while at the same time aiming to satisfy domestic demand for a wider range of products at a higher level of quality.

The most promising field for this expansion was felt to be the formation of economic associations in Hungary with foreign participation or, in a nutshell, joint ventures.

Two Priorities
Right from the start two priorities were set:

- To encourage companies from abroad to provide

machinery and technological know-how; and

- To step up Hungarian exports against convertible currency payments.

Neither of these, it was realized, would be easy to achieve. The success has nevertheless been thoroughly satisfying: nearly forty joint ventures have been licensed in Hungary, more than half of them in the past two years.

Gerd Bird, Director-General of the Hungarian Chamber of Commerce, one of the prime movers behind this Joint Venture campaign, assesses the situation as follows:

"The joint enterprises established in Hungary by western firms and Hungarian companies afford the foreign partner a series of

Hungary's fine reputation for Research and Development."

Both the Hungarian Chamber of Commerce and the Hungarian Foreign Trade Bank, which is also actively engaged in promoting joint ventures, have published booklets (in English) outlining the legal situation in concise form as it affects prospective partners abroad. Furthermore, "Hungarian Business Herald", the Chamber's quarterly published in English, deals with new trends in this field.

Stress is laid on the fact that in Hungary an association with foreign partners is a matter of co-operation between companies based on mutual benefit, and it is not an inter-state matter. Hum-

anity may transfer abroad 50 percent of any kind of the incomes paid by the association in a currency stipulated in the founding memorandum; and

- in the event of the withdrawal of the foreign partner the National Bank of Hungary will transfer abroad the foreign partner's share due in proportion to his contribution.

Profitable Examples

Generally speaking the share of Hungarian ownership in the joint venture has to be at least 51 percent and that of the foreign company cannot exceed 49 percent. However the Minister of Finance has the right to grant permission for a higher share of foreign capital. A significant example of this is the Central European International Bank (CIB) with its seat in Budapest (but functioning as an offshore institution). In CIB six western banks (two from Japan, and one each from France, Italy, West Germany and Austria) each have an 11 percent share, leaving the National Bank of Hungary with only 34%. The success of this bank (founded in 1980, and still unique in the Socialist World) is shown by its growth statistics. CIB assets went up from US\$247.7 million in 1983 to US\$322.5 million in 1984; its pre-tax profits over the same period from US\$1.9 million to US\$17.2 million.

Among the other successful joint ventures over a wide range are:

- Schwarzkopf-CAOLO, for the production of cosmetic articles, with a majority Western holding;
- The Budapest Gambling Club (which runs two establishments in Hungary in conjunction with the Austrian Casino Company);
- Olympos (manufacturing fruit juices) with a Greek partner;
- Hungarokork, (making cork stoppers and other products) with Amorin & Irmaos of Portugal; and
- APV-UNGARO, (for the production and sale on third markets of food processing plants) with Britain's APV Paracal.

A significant addition to the list last year - Hunflexbau, producing Danish-type heat-insulated wooden cottages - has made use of a new ordinance whereby joint enterprises can, if they wish, operate in a customs-free zone, thereby enjoying exemption from duty and the resulting competitive price advantages.

Intercooperation An Enterprising Enterprise

Hungary itself has a population of over ten million and exports to the West are not difficult.

The case of Siemens is significant. When Sicontact was established in 1972 there were only six Siemens computers in the whole of Hungary. By the end of this year there will be 35. The fact that Sicontact has a base in Hungary and can carry out the servicing swiftly is a decisive advantage, even if exclusivity cannot be assured.

Benefits for Returning Hungarians

Intercooperation, with its 'enterprising' image, recently hit on the idea of tapping an unlikely source of wealth. Former Hungarians, some of whom have been living abroad for thirty years and more, are being encouraged to come back and spend the evening of their days in the home country. They are offered the chance - otherwise impossible for foreign citizens - of buying a house or flat in Hungary, and certain other benefits. About 200-250 letters have been received enquiring about the conditions. Five flats have already been sold and about 20 others are under negotiation. Not big business, says Mr Toldy-Osz, but interesting all the same.

Another idea which Intercooperation is developing aims at helping the foreign tourist who comes to Hungary by car and has a breakdown. There are plenty of Hungarian mechanics who are ready to repair western cars, but cannot afford to keep a big stock of spares. The intention is to co-operate with dealers in Vienna (only 240 kilometers away from Budapest) to supply parts at short notice and get them to Hungary quickly, with the assistance of motor organizations in the two countries, so that generally there will be a delay of no more than a day in getting on the road again.



Hungarian Parliament building by day.

comparative advantages. In calculating production costs, for example, it is important to remember that services are cheaper in Hungary, and that land, the charges for water and electricity, for building materials, the raw-materials originating in Hungary and semi-finished products are generally also cheaper than in the highly developed industrialized countries. "Compared with developing countries or with the so-called threshold countries Hungary, as a possible partner, likewise has several comparative advantages - such as its central geographical situation in Middle Europe and the resultant low freight costs, or the high level of skills among the labour force, as well as

Hungarian governmental organs will only consider whether the proposed association is in harmony with general economic policy targets and prevailing Hungarian legal statutes. Associations, it is pointed out, can be established and function with a wide range of entrepreneurial possibilities. They can have as their aim joint production, the provision of services (hotels, transport, tourism etc.) or even the transaction of financial activities (e.g., banking). In each case the state leaves it to the Hungarian enterprises to decide in what field, industry or form they wish to set up associations with a foreign partner.

Among the guarantees given are that:

- employees of foreign na-

its best to help maintain the links between domestic, company-level planning and the medium-term nation-wide plan.

On the international plane news reached Budapest recently that the Hungarian Chamber of Commerce had become a full member of the World Trade Centres Association at the WTCA council meeting in Tokyo. The Chamber will accordingly now have access to the Association's vast data bank on world trade and international business relations. It has been agreed that the WTCA will hold its 1987 annual general meeting in the Hungarian capital.

Mr. Beck is already deeply involved in discussions over the next Five Year Plan for Hungary which is due to come into effect in 1988. The Hungarian Chamber of Commerce is committed to doing

ber's tasks but it does succeed in bridging the gap between the political system and the economic structure. In practice this means that the



Tamás Beck, President of the Hungarian Chamber of Commerce.

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Fair Weather for Banks

A "spell of rainy weather" that is how Hungarian financiers refer to the two-year period up until mid-1983 when full confidence was restored in the Hungarian economy among the international banking community. During the worldwide recession of 1981 and thereafter Hungary, quite unjustifiably, was made to pay for the shortcomings of two or three other Socialist countries which had let down their creditors and had to reschedule their considerable debts. Hungary, which has never had to re-schedule, suddenly found that all the financial taps had been turned off, and suffered accordingly.

Since the autumn of 1983, with Hungary a member of the International Monetary Fund, credits are flowing normally again and the country's foreign currency reserves are up to a level matching, if not already above, that recorded at the start of the liquidity crisis.

The IMF assessed the position earlier this year by saying: "The progress made by Hungary in recent years in the direction of economic adjustment was sustained in 1984 significantly and in contrast to the record in many other countries this adjustment was also achieved in conjunction with a positive and steady growth in output. [Hungary has] helped reverse a weakening of creditor confidence in eastern Europe generally, and subsequently enjoyed an improving credit-standing in international financial markets."

László Karczag, General Manager at the National Bank of Hungary, is certain that membership of the IMF has been beneficial for Hungary. "They also helped us at a crucial moment. Our relationship with the IMF and the World Bank has always been very smooth and co-operative. Now we are to have the third co-financing deal with, and through, the World Bank. In 1983 when the first one was concluded it was considered

established. One has already been set up to finance innovations; another is engaged in the venture capital business. And a certain part of the National Bank of Hungary has been turned into the independent Budapest Commercial Bank.

1985 has also seen the opening of a bond market in Hungary. Not only the state but also individual companies are now empowered to issue bonds. These can be purchased either by other companies or even by the general public.

Question of Convertibility

For several years now there has been talk about the desirability of conferring convertibility on the Hungarian currency, the Forint. The First Vice-President of the National Bank of Hungary, János Fekete, has repeatedly let it be known that this is one of his aims. Now the idea has been revived in the form of a



New Budapest Convention Centre.

financing agriculture and food processing plants.

The other existing banking institutions continue meanwhile to carry out their commitments unaffected by the changes in the National Bank. These institutions are: the Hungarian Foreign Trade Bank which is fully authorized for doing business in foreign exchange and all types of international transactions; the State Development Bank which distributes funds from the national budget to state-owned companies; and OTP, the National Savings Bank with all the usual services of such an institution.

Now the way is open for "financial institutions" - to be

sort of central banking convertibility. In other words, the Forint might be considered as a currency for international settlements in banking, financing and trade, but Hungarian citizens would not be free to go to a bank and ask for foreign currency. The sort of time-scale now envisaged is that by late 1986, or in 1987, partial convertibility of the Forint will be introduced.

Credit Cards and Cheques

Of more immediate importance to visiting businesspersons and travellers is the fact that through an arrangement with the National Bank of Hungary all the major international credit-cards are widely honoured in the country.

The Power Problem and How Hungary Is Tackling It

In 1984, when the second of its four blocks was starting operation, Hungary's first nuclear power station at Paks accounted for 14% of the country's annual electricity output of 21,200 kWh. By 1990, if all continues to go well at Paks, the other two blocks will have become operational and the plant will be in a position to supply one quarter of the nation's electricity requirements.

What these requirements will be is still a matter for some conjecture, however, if the government has its way the country will have to slow down its appetite for power, and if possible actually reduce its consumption of energy. The aim is to reach a situation where a 1% Gross Domestic Product increase will only require additional energy supplies of 0.4-0.5%. A government-sponsored scheme has been initiated to tackle this problem from both ends, by rationalizing production and streamlining energy consumption.

Swing in Emphasis

Generally speaking the trend is to move away from hydrocarbon sources of energy (and within that category, from oil to natural gas) and to step up utilization of domestic coal (particularly lignite) and nuclear power. Whereas in 1978 oil and natural gas accounted for 56% of Hungary's energy requirements, in 1983 this had dropped to 60%. The government's energy management scheme makes funds available from the national budget on favourable credit terms for projects which substitute oil with other sources of energy.

In this respect the major indigenous source is brown coal (lignite). As Robert Tárgyán, Departmental Chief for Electricity in the Ministry of Industry said, the plan is to rely heavily on lignite in the years to come. A lot of this can be won in open-cast mining. Thanks to sophisticated

methods of preparation and enrichment environmental hazards connected with it have been significantly reduced. In recent years, for instance, coal washing facilities have been installed at Tatabánya in western Hungary and in the northern county of Borsod which remove from the material a large proportion of the waste material.

Environmental considerations are always taken into account when planning new power plants in Hungary. This is one of the reasons for the growing tendency to substitute natural gas for oil in firing power plants.

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STATISTICS ON HUNGARY

(For 1984 unless otherwise stated)

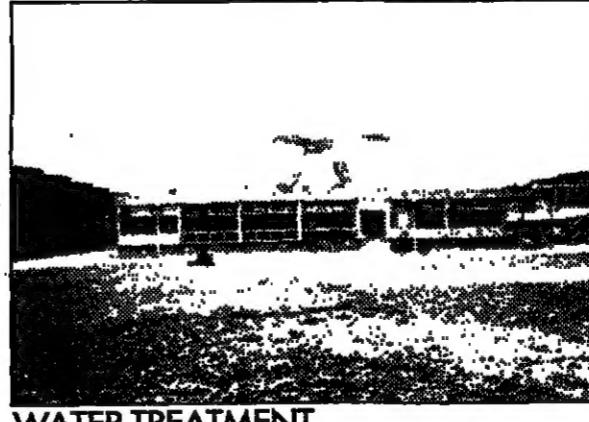
Area:	93,033 km ²
Population:	10,658,000
Life expectancy:	65.6 years (men) 73.5 years (women)
Work-force:	4,940,000
Visitors from abroad:	13,400,000
Hungarians travelling abroad:	5,400,000
Meterization (per 1000 population):	118
Telephones (per 1000 population):	129
Pigs:	9.84 million
Cattle:	1.91 million
Horses:	0.11 million
Total farmland (sown area):	4.62 million ha
Output of natural gas:	6,000 million m ³
Output of coal:	25 million tons
Output of crude oil:	2 million tons
Average annual growth-rate of GDP (1981-1983):	1.8%
Real income/consumption:	+1.0%
Currency:	Forint = 100 filler
Exchange-rate (May 1985):	1 US\$ = 50.51 Forint 1 £ St = 63.64 Forint

Public Holidays: 1 January, 4 April, Easter Monday, 1 May, 20 August, 7 November, 25 December, 26 December.

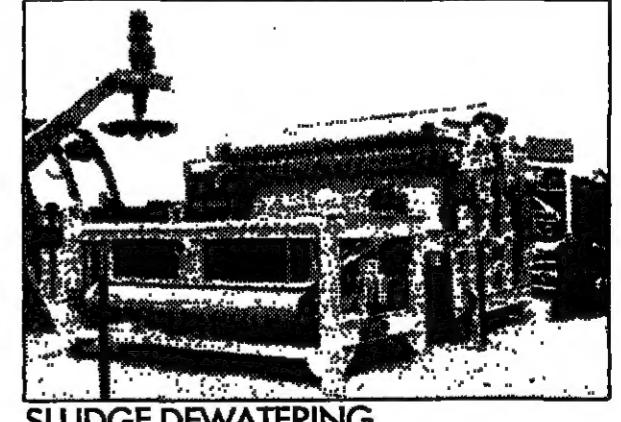
TATABÁNYA COAL MINES



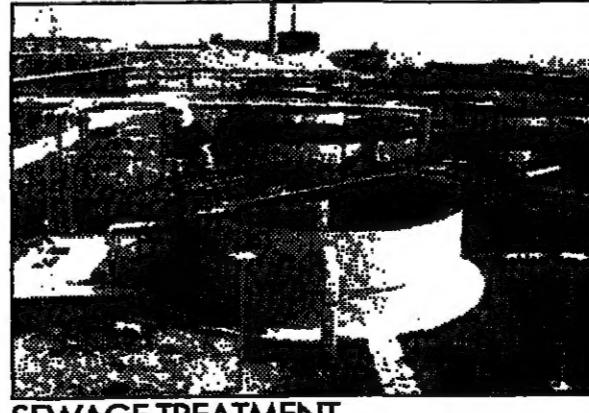
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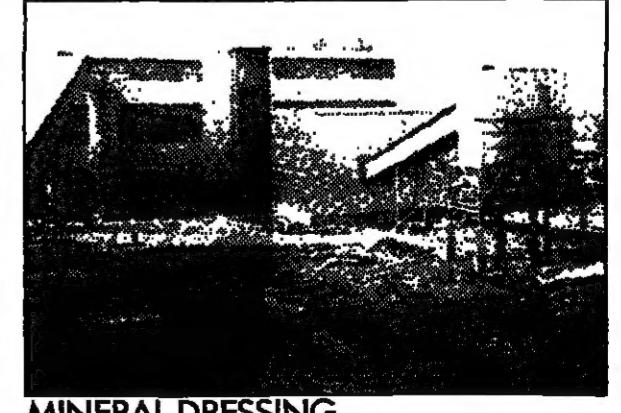
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Provincial Portrait The City of Eger

Heading north out of Budapest for a day in the country you could hardly do better than to choose Eger as your first destination. Not only is it the main town in the northern county of Heves, the flower garden of Hungary, but it is also the birthplace and home of one of the country's most famous wines - Eger Bull's Blood.

Today Eger owes its fame mainly to this rich, deep-red elixir, known locally as Egri Bikáver, but there was a period when its name resounded throughout Europe for quite another reason. In the 16th century a small garrison at Eger successfully withstood a siege by a vastly superior Turkish army. Today, more than four centuries later, you are frequently reminded of this heroic resistance to the Ottoman invaders.

For better or for worse the eastern invaders were more successful on their second incursion into Hungary. In 1596 the Eger garrison surrendered to the Turks on the promise of a safe conduct. The fortress remained in Turkish hands for nearly a century. For the most part the medieval city was de-

stroyed in the course of the battles which took place during the Turkish occupation. What remained though were the casemates hewn in the rock underneath the fortress and altogether 130 kilometers of cellars used then, as now, by the citizens for storage purposes as well as by the state wine co-operative for the barrels of maturing Bull's Blood.

And whereas the other famous Hungarian wine, Tokaji, is often referred to as the "King of Wines", the vintners of Eger lay claim to the appellation the "Queen of Wines" for their product, which is exported to 35 countries. If you prefer a white wine while in the region then try a bottle of the sweet, but not cloying, Egri Leányka (Maiden) or the drier Olasszrizling.

Above ground present-day Eger is characterised by its wealth of Baroque buildings many of which have been, or are being, restored. This is part of a long-term policy spearheaded by the President (mayor) of the local council, Vilmos Varjú. Mr Varjú acknowledges the vital role played by tourism in the local economy. No less than 1.5 million visitors come to

Eger every year putting it statistically in fourth place (after Budapest, Lake Balaton and the Danube Bend).

Trees and Horses

Apart from grape-growing the main industry in Heves County is forestry.

Of growing importance - and already famed worldwide - is the nearby Szilvásvárad stud-farm, specializing in the breeding of Lipizzan horses. Unlike the studs at Lipica itself (in Yugoslavia) and at Piber (in Austria) where the emphasis is on mounts for riding and for haute école performances, the Szilvásvárad breeders aim to develop the best possible horses for the local sport which is carriage-driving. Jenő Kovács, the Forestry Director in Szilvásvárad, maintains that his stock is genetically the best in the world at the moment. When, last year, the Spanish Riding School in Vienna was decimated by a degenerative form of equine herpes Szilvásvárad was able to step into the gap and send ten Lipizzan stallions to Piber to help renew the highly-strung Austrian stock.

New-Old Budapest Buildings

The Budapest Opera House threw open its doors again, after a five-year closure, on 27th September 1984, exactly 100 years after the building's inauguration dur-

ing the days of the Monarchy. No less than 1.3 billion (more than U.S.\$25 million) had been spent on an extensive reconstruction programme. The Opera House



Grand Staircase in the Budapest Opera.

with its wonderful frescos and gilded auditorium, has indeed been restored to its former glory while at the same time numerous modern improvements have been made to its technical installations, such as lighting and scene-changing. A reduction in the number of seats, from 1415 to the originally foreseen 1250, has also increased the comfort of spectators in the stalls, who have been given a better view of the stage. The enhanced acoustics have been preserved unaltered.

The acoustical properties were a main consideration in the design of the brand-new Budapest Convention Centre, on the other side of the Danube. With the main hall seating 1750, and total meeting space in the various rooms (Bartók, Palma, Corvina etc.) amounting to 2500, the Convention Centre fills a long-felt gap in the city's facilities.

The first major international event scheduled, in autumn 1985, for the new Budapest Convention Centre will be the European Cultural Forum summoned in accordance with the Madrid Review Conference of the Helsinki Final Act.

"MA" — STANDS FOR "MAGYAR"

Malev, Mahart, Maspex, Mohir - to name only a few of the most obvious examples - are among the service enterprises which travellers and business-people alike turn to when dealing with Hungary. Magyarország, the Land of the Magyars, is its correct name in Hungarian and that first syllable catches the eye once you are attuned to it, even more swiftly than the equally prevalent "Hung" or "Hungaro" in combinations such as Hungexpo or Hungarcamion. All stand for excellence in their own line.

MALEV, the Hungarian national airline, which in the sixth year of its operations serves 38 cities in 29 countries including (since November 1983) Dubai in the United Arab Emirates. The passenger fleet at present comprises eight Tupolev Tu-134s and twenty TU-154s, as well as a number of turbo-prop Ilyushin Il-18 cargo planes. Last year's passenger turnover was 1,050,000 and 15,800 tons of bulk freight were carried.

MAHART, the Hungarian Shipping Company, has been operating since July 1983 as an independent enterprise, no longer under ministerial jurisdiction. Simultaneously a number of structural alterations were made with the aim of improving transport and freight services for customers. Almost 200 river-barges capable of carrying 23,000 tons and 21 ocean-going vessels (110,000 tons) make the Hungarian economy largely independent of foreign shipping lines when it comes to sending goods abroad by water. Mahart ships ply to ports in all continents with the exception of America and Australia. Passenger services (on the Danube - including hydrofoils - and Lake Balaton) only account for a small proportion of the company's turnover.

MASPED and **HUNGAROCAMION** compete, successfully, for haulage contracts. Hungarocamion, founded in 1966, was the first company to run a collect-and-deliver freight service on the Budapest-London-Budapest run. Now it operates 22 various lines on a regular basis, and is regarded internationally as one of the best companies in the field.

MAHIR is the oldest advertising agency in Hungary. Since 1968 it has been doing advertising for foreign clients too.

HUNGELEXPO specializes in the organization of international fairs and exhibitions including the dual Budapest event (Spring Fair for investment goods, Autumn Fair for consumer goods). Hungexpo is generally the official organizer of the Hungarian national exhibitions abroad. As a full-service advertising agency it is a traditional partner of foreign clients wishing to advertise in Hungary.

Among the other service industries promoted by **MAGYAR KERESKEDELMI KAMARA** (the Hungarian Chamber of Commerce, of interview with Tamás Seckj) are:

NOVEX, active in the field of technology transfer, and offering a selection of Hungarian licenses available for foreign companies. (*News-Sheet "Innovation - Investments - Know-How"* available on request from P.O.B. 62, H-1364 Budapest).

LICENCIA, available for advice on patenting products in Hungary, as well as free of charge for commercializing technology and marketing it. Has produced "an interesting number of millionaires" (quite legal in Hungary) and was responsible for the sensational success of the Bonny hair-tonic.

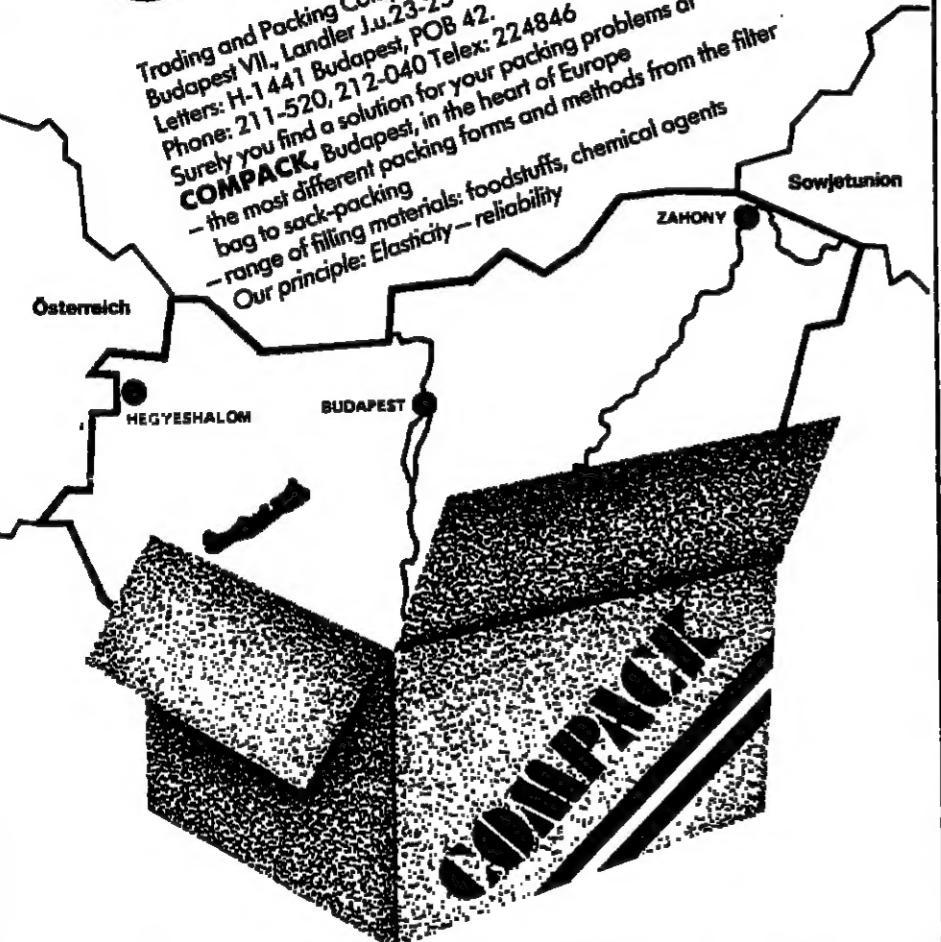
ÁLLAMI BIZTOSÍTÓ, the state insurance company, which insists the only remarkable thing about it is that it works exactly like insurance companies everywhere else in the world, offering the same services and accepting the same risks. Emphasizes that the unremarkable status is very important from the point of view of joint-ventures, and is often a factor in deciding whether a country enters into business with Hungary or not.

And not forgetting:

MAYAD, company for hunting excursions and game trading, which now has an edible-snail processing plant.

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Hungarian Records—Abel to Zipoli

One of the great success stories of Hungarian industry in the 1980s has to be heard to be believed. Hungaroton which - since the beginning of 1985 - has been renamed the Hungarian Record Company, now sells about half a million classical records (including LPs, cassettes and Compact Discs) abroad every

year. This is more than half of total sales in the field.

By 1981 a significant technical step had been taken. Whereas previously records had been pressed as a sideline in a Budapest cable factory, a major investment led to the construction of a large tailor-made plant at Dorog, near Esztergom on the Danube Bend. This has an annual capacity of between eight and ten million LPs and cassettes.

The New Generation

As from 1981 the majority of Hungaroton's classical recordings are now made using digital means, suitable for the production of Compact Discs (CDs). Of these, 26 appeared last year and almost twice that number are scheduled for 1985.

Whereas Hungaroton is the name to look for when buying classical records, the Hungarian Record Company has a number of different labels for the other groups in its catalogue: Qualiton, for instance, for the big-selling range of operetta and gipsy music and Pepita for pop.

Thermal Tourism

Hungary may not have much crude-oil, the country's apologists like to say, but it does have plenty of "white oil". They are referring to the abundance of thermal-water sources which increasingly are coming to play a rôle in Hungarian tourism.

Balneo-therapy is a clumsy word but it spells relief for thousands of rheumatic sufferers who come to bathe in these health-giving waters, either taking a formal "cure" or simply swimming in one or other of the many pools which are kept open throughout the year for visitors. More often than not full spa hotel facilities are also available nearby. Take Hévíz for example. This small resort only a few kilometres away from the largest expanse of inland water in Central Europe, Lake Balaton, boasts a thermal pond with a surface area of 47,500 sq. metres. The spring delivers an average of 36,000 litres of water per minute which means that the whole of the lake's water is renewed every twenty-four hours. During the summer

the temperature of the water is 33-35°C, and even in winter it never drops below 25°C. So even those suffering from rheumatism are able to bathe in the open air the whole year round.

Whereas Hévíz, until less than ten years ago was almost exclusively used as a trade union recuperative centre it is now a thriving tourist resort. Two large four-star hotels have been built there, one almost adjoining the original pool, but also incorporating up-to-date treatment centres. The earlier of the two, the Thermal Hotel, has its own indoor pool served by the same thermal spring as feeds the open-air lake.

The same chain as runs the two Hévíz hotels, Danubius, also manages two spa hotels in the capital, Budapest. They are the five-star Margitsziget Hotel (on Margaret Island in the middle of the Danube) and the traditional Hotel Gellért with its own Roman-style thermal baths, using the Gellért Hill mineral hot springs.

Skála

Everyone in Hungary knows Skála Coop. It is a countrywide chain of department stores and retail shops for clothing, sporting gear and food. The most recently launched flagship of the profitable public enterprise is Skála Metro, a five-storey glass-fronted building right opposite the West Railway Station in Budapest, where 30,000 customers can be served every day. The well-known Italian fashion-house "Benetton" has now opened its first boutique in a Socialist country in Skála Metro selling knitwear, T-shirts and other leisure-wear for youngsters.



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STANDS FOR
"MAGYAR"

ARTS / LEISURE

Life in a Parisian Stairwell

By Thomas Quinn Curtis
International Herald Tribune

PARIS — Jean-Charles Tacchella springs to renown with his second full-length feature after long apprenticeship as a scenarist. His breakthrough came with "Cousin, Cousine," which on its release in the United States was nominated for an Oscar and rose to

MOVIE MARQUEE

be the most profitable French film ever imported, a record it held until "La Cage aux Folles" made the Atlantic crossing.

"Cousin, Cousine" pleased Americans with its informal glimpse of middle-class family ways in France. It was folksy, friendly, casual and funny, almost a home movie in its approach.

For his new film, "Escalier C," Tacchella has chosen a lower social stratum than the provincial parlor types of "Cousin, Cousine." The characters are the inhabitants of a Parisian tenement, linked only by the fact that they dwell under the same roof. The plot — derived from a novel by Elvire Munial — has been through the theatrical mill in countless boarding-house farces. The cross-section here is loosely knit, but it is not the over-all device but the portrayal of the characters that distinguishes the proceedings.

The central figure played perfectly to the last spiteful sneer by Robin Renucci, is a vicious art critic whose savage verdicts on struggling artists have brought him notoriety. He meets his come-uppance when the public relations secretary of a gallery, entreated with fine flair by Catherine Leprohon, defies his bogus author-

Tacchella has drawn each character in his script with remarkable insight. Among the "boarders" of "Stairway C" are an eternal cadger, a hardened boozier, an obnoxious homosexual, a would-be author who cannot get to his writing table, because of the nagging of the shrew with whom he lives, a lonely little girl and a suicidal woman who finally hangs herself. The director has individualized them all persuasively. The non-residents, too, are tellingly portrayed, with Jacques Weber as a painter indifferent to judgment of his work and with Claude Rich as the critic's disdainful father.

Tacchella has achieved an arresting crazy-quilt of contrasting temperaments, brilliantly colored and rounded, as they cavort before a disturbingly macabre setting. This curious and absorbing comedy-drama discloses its director's originality and versatility.

"Parking," yet another French

film to masquerade under an English title, is the latest work by Jacques Demy, who made the popular "Les Parapluies de Cherbourg" ("The Umbrellas of Cherbourg") and the unpopular "Chambre dans la Ville" ("Room in Town"), a flop of last season in which the participants sang songs of social significance to empty

palaces; in his mise-en-scene of the rock concert in Paris's Bercy auditorium, when the cameras are turned on the enthusiastic mob and not on the star.

The decor and shadowy lighting of Cocteau's "Orpheus" have been appropriated: the garage by night with its sinister corridors representing the descent to Hades. The ante-chamber of the nether regions — with Jean Marais in a scarlet robe in charge of arrivals — is a computerized hall resembling an over-crowded airport, with the passengers lining up for check-in, a Danse-esque vision that adds new fears to the prospect of going to hell. The movie is dedicated to Cocteau, a honor that would probably have embarrassed him.

The new Demy does not trade in

politics but in modernized mythology, retelling the Orpheus-Eurydice legend with Orpheus as a pop crooner à la Michael Jackson and with his lady love a Japanese sculptress. In two showings, the house broke into uncontrollable mirth at the sight of its star rendering silly lyrics in a squeaky voice, meanwhile screwing up his face as though he had just been prescribed a dose of castor oil.

Since the star is Francis Huster, an alumnus of the Comédie Française who is acting ably on the Parisian stage at the moment in "Le Sablier," a hit explanation is in order.

Huster, like many stage actors, requires guidance in his choice of screen roles. He has been catastrophically miscast in "Parking," and he is the victim of directional mistreatment to boot. Even a Caruso, a Chaliapin or a Callas would have been at disadvantage had they been photographed in closeup as they sang. Nor has he managed most of the nonmusical episodes any better. The scene of the pop idol's dispute with his Japanese mate sent the audience into further gales of derisive glee. Indeed, Demy's direction only rises once above incom-

petence: in his mise-en-scene of the rock concert in Paris's Bercy auditorium, when the cameras are turned on the enthusiastic mob and not on the star.

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Tuesday's NYSE Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

12 Month High	Stock	DIV.	Yld	PE	\$s	100s	High	Low	Close	Chg.
(Continued from Page II)										

175 GAF	1.20	12	12	12	12	12	12	12	12	12
175 GAT-X	1.20	12	12	12	12	12	12	12	12	12
175 GICO	1.00	12	12	12	12	12	12	12	12	12
175 GEO	1.00	12	12	12	12	12	12	12	12	12
175 GEI	1.00	12	12	12	12	12	12	12	12	12
175 GEI-C	1.00	12	12	12	12	12	12	12	12	12
175 GEI-G	1.00	12	12	12	12	12	12	12	12	12
175 GEI-H	1.00	12	12	12	12	12	12	12	12	12
175 GEI-I	1.00	12	12	12	12	12	12	12	12	12
175 GEI-J	1.00	12	12	12	12	12	12	12	12	12
175 GEI-K	1.00	12	12	12	12	12	12	12	12	12
175 GEI-L	1.00	12	12	12	12	12	12	12	12	12
175 GEI-M	1.00	12	12	12	12	12	12	12	12	12
175 GEI-N	1.00	12	12	12	12	12	12	12	12	12
175 GEI-O	1.00	12	12	12	12	12	12	12	12	12
175 GEI-P	1.00	12	12	12	12	12	12	12	12	12
175 GEI-Q	1.00	12	12	12	12	12	12	12	12	12
175 GEI-R	1.00	12	12	12	12	12	12	12	12	12
175 GEI-S	1.00	12	12	12	12	12	12	12	12	12
175 GEI-T	1.00	12	12	12	12	12	12	12	12	12
175 GEI-U	1.00	12	12	12	12	12	12	12	12	12
175 GEI-V	1.00	12	12	12	12	12	12	12	12	12
175 GEI-W	1.00	12	12	12	12	12	12	12	12	12
175 GEI-X	1.00	12	12	12	12	12	12	12	12	12
175 GEI-Y	1.00	12	12	12	12	12	12	12	12	12
175 GEI-Z	1.00	12	12	12	12	12	12	12	12	12
175 GEI-A	1.00	12	12	12	12	12	12	12	12	12
175 GEI-B	1.00	12	12	12	12	12	12	12	12	12
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WEDNESDAY, JUNE 12, 1985

INTERNATIONAL MANAGER

Champagne by Mail Charts New Way to Secure Capital

By SHERRY BUCHANAN
International Herald Tribune

PARIS — If you want to start a small business in France, venture-capital firms may not be your best bet. For some entrepreneurs, there may be better ways of getting start-up money. Marc Bungener and Jérôme de Rivoire, creators of InterMagnum, had an idea but needed financing. A Paris-based group of American venture capitalists told them they would be interested only if they could retain majority control of the new company. Mr. Bungener and his partner declined.

Instead, the two partners raised 34 percent of the 1.4 million francs (\$148,936) in start-up costs from French companies not in the venture-capital business, and 25 percent from a quasi-governmental agency. Another 18 percent came from the "Fonds pour l'entrepreneuriat à risque," in which a bank, usually government-controlled, takes equity in start-up ventures. The rest of the shares are divided among small, individual investors.

Through buy-back agreements — which give the two partners the first option to buy the shares — the two partners were able to retain majority control of Présent International SA, the new company, which has been operating for six months.

InterMagnum, the service offered by Présent International, is to wine and spirits what Interflora is to flowers. Customers can go to their local liquor store and send 10 bottles of champagne anywhere in France in 24 hours for a 60-franc service charge, plus the cost of the champagne.

SINCE last December, InterMagnum, through 380 stores, has had 6,000 orders, a figure they hope to increase to 150,000 orders for the first year by enlarging the liquor-store network, starting a new advertising campaign and improving delivery.

The two partners have just added 381 liquor stores to their network through a contract with Établissements Nicolas, the largest French chain of liquor stores. To build up a large network fast, the service was offered free to the liquor stores. Only the customers pay.

Without fees from liquor stores, Mr. Bungener and Mr. de Rivoire had to start from scratch to find the money. "I didn't have a cent after my U.S. venture, so it wasn't obvious to find capital," said Mr. Bungener, a veteran entrepreneur at 28. At 23, Mr. Bungener launched City Magazine in New York, a U.S. version of Pariscope, the weekly Paris entertainment guide. When one of his investors did not come up with 50 percent of the investment as promised, the magazine folded.

Always searching for new ideas, Mr. Bungener stumbled on InterMagnum when a friend mentioned how well Interflora did in France with relatively low capitalization. In 1984, the Société Française de Transmissions Florales SA achieved 35.1 million francs in sales of services and 937,608 francs in net profits on 1.5 million orders a year.

Mr. de Rivoire, 34, who has eight years of corporate experience in the food and drink sector as well as a two-year stint as an entrepreneur, was the ideal partner. "I was born in a wine bottle," he said. His father is a wine producer and distributor in Bordeaux and his mother has a vineyard in Burgundy. After being product manager with Établissements Nicolas, Mr. de Rivoire set up a cash-and-carry wine business in Brussels. Later, he went to work for Cusenier, a subsidiary of Pernod Ricard SA, the French liquor concern, as product manager.

Last April he quit his job to set up InterMagnum. "It was a big risk but when I have an idea, I stick with it till the very end," Mr. de Rivoire said.

The investors were sold on the idea and on the two partners' entrepreneurial flair and managing capabilities. Bernard Roux, a self-made man, and chief executive of Roux, Ségura, Caysac & Goudard (RSCG), one of France's largest advertising agencies, was the first to believe in the project and bought 10 percent of the company.

Pernod Ricard Entrepreneur, a subsidiary of Pernod Ricard

(Continued on Page 17, Col. 3)

Currency Rates

Cross Rates								June 11	
		D.M.	F.F.	G.D.	I.P.	L.L.	Yen		
Amsterdam	1.015	1.392	112.71	24.86	1.015	1.214	122.29	—	
Buenos Aires	0.234	76.815	21.925	4.643	1.1675	1.246	21.95	24.022	
Frankfurt	1.098	2.98	—	32.875	1.575	1.62	45.97	170.8	
London	1.325	—	2.893	11.885	2.675	2.758	3.22	31.547	
Milan	1.0445	—	24.865	59.815	1.0445	1.125	7.27	12.75	
New York (c)	0.7699	—	23.22	1.000	0.7699	0.807	1.00	1.00	
Paris	0.41	11.288	2.8474	7.825	1.070	1.16	6.34	2.671	
Tokyo	250.00	151.50	80.00	7.27	71.76	49.60	56.15	—	
Zurich	2.597	3.823	84.15	2.61	0.832	7.625	4.1665	1.0001	
1 ECU	0.5749	—	4.824	1.524	0.5749	0.5227	1.889	1.8125	
1 SDR	0.90481	—	5.0681	1.9321	0.90481	0.8227	2.922	2.8485	
1 Swiss franc	1.2485	1.392	112.71	24.86	1.2485	1.214	122.29	—	

Classes in London and Zurich. Figures in parentheses are New York rates of 4 p.m. on Commodity rates are based on the rate required to buy one dollar ("1") Units of 1000 (1x) Units of 1000 H.G.C. not registered. N.A.: not available. () To buy one pound: \$12.5326.*

Other Dollar Values

Currency per U.S. Dollars							
British pound	252.26	French franc	6.428	West German mark	2.071	Swiss franc	757.65
Austria schill	1.517	French franc	6.428	West German mark	2.071	Swiss franc	757.65
Belg. fr. nr.	82.26	Italian lira	124.70	Norw. krone	.8881	Swed. krona	8.92
Denmark kr.	5.273	Italian lira	124.70	PTA franc	18.445	Taiwan \$	39.77
Switzerland sfr.	1.273	Italian lira	124.70	Portuguese esc.	2.001	Thailand baht	2.00
Denmark kr.	11.075	Irish shill.	1.0140	Spanish peseta	1.6205	Turkish lire	2.6745
Egypt, pound	8.7463	Irish shill.	1.0140	Swiss franc	2.227	UAE dirham	3.6725

1 Sterling = 1.2485 Irish £

Sources: Banque de Bruxelles (Brussels); Banco Commerciale (Milan); Banco National de Paro (Paris); Bank of Tokyo (Tokyo); IMF (SDR); BAFI (Paris, French version).

Other data from Reuters and AP.

Interest Rates

Eurocurrency Deposits								June 11	
Dollar	D-Mark	French	Franc	Swiss	French	ECU	SDR		
1 month	7.67-7%	5%5/8	5%5/8	12%2/5	10%1/4	9%1/8	7%4/8	—	
2 months	7.67-7%	5%5/8	5%5/8	12%2/5	10%1/4	9%1/8	7%4/8	—	
3 months	7%1/4-7%	5%5/8	5%5/8	12%2/5	10%1/4	9%1/8	7%4/8	—	
7 months	7%1/4-7%	5%5/8	5%5/8	12%2/5	10%1/4	9%1/8	7%4/8	—	
1 year	8%1/4-8%	5%5/8	5%5/8	12%2/5	10%1/4	9%1/8	7%4/8	—	

Sources: Morgan Guaranty (dollar), D.M., SF, Pound, FF; Lloyd's Bank (ECU); Reuters (SDR). Rates applicable to Interbank deposits at \$7 million minimum (or equivalent).

Key Money Rates June 11

United States		Class Prev.						June 11	
Discount rate	7%	7%	7%	7%	7%	7%	7%	7%	
Prime rate	10.375	10.375	10.375	10.375	10.375	10.375	10.375	10.375	
Broker Loan rate	10%1/2-10%1/2	10%1/2-10%1/2	10%1/2-10%1/2	10%1/2-10%1/2	10%1/2-10%1/2	10%1/2-10%1/2	10%1/2-10%1/2	10%1/2-10%1/2	
Commercial paper	9.75-9.75	9.75-9.75	9.75-9.75	9.75-9.75	9.75-9.75	9.75-9.75	9.75-9.75	9.75-9.75	
CDs 30-day	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	
CDs 60-day	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	

West Germany

Interest Rate								June 11	
Call Money	10.375	10.375	10.375	10.375	10.375	10.375	10.375	10.375	
One-month interbank	10.375	10.375	10.375	10.375	10.375	10.375	10.375	10.375	
3-month interbank	10.375	10.375	10.375	10.375	10.375	10.375	10.375	10.375	
4-month interbank	10	10	10	10	10	10	10	10	

France

Interest Rate								June 11	

<

U.S. Futures June 11

Season High Season Low Open High Low Close Chg.

Grains

WHEAT (CBT)
5,000 bu minimum-dollars per bushel
7.740 - 8.15 Jul 1.24 7.24 7.25 7.25 7.25 +0.01
7.740 - 8.15 Sep 1.24 7.24 7.25 7.25 7.25 +0.01
5.471 - 5.81 Dec 3.31 3.31 3.31 3.31 3.31 +0.01
5.471 - 5.81 Mar 3.31 3.31 3.31 3.31 3.31 +0.01
4.07 - 4.16 May 3.22 3.22 3.22 3.22 3.22 +0.01
3.772 - 3.95 Jul 1.18 3.18 3.18 3.18 3.18 +0.005
3.772 - 3.95 Oct 1.18 3.18 3.18 3.18 3.18 +0.005
Prev. Day Open Int. 36,777 up .02
Prev. Day Open Int. 36,777 up .02

CORN (CBT)

5,000 bu minimum-dollars per bushel
7.740 - 8.15 Jul 1.24 7.24 7.25 7.25 7.25 +0.01
7.740 - 8.15 Sep 1.24 7.24 7.25 7.25 7.25 +0.01
5.471 - 5.81 Dec 3.31 3.31 3.31 3.31 3.31 +0.01
5.471 - 5.81 Mar 3.31 3.31 3.31 3.31 3.31 +0.01
4.07 - 4.16 May 3.22 3.22 3.22 3.22 3.22 +0.01
3.772 - 3.95 Jul 1.18 3.18 3.18 3.18 3.18 +0.005
3.772 - 3.95 Oct 1.18 3.18 3.18 3.18 3.18 +0.005
2.84 - 2.94 May 2.69 2.69 2.69 2.69 2.69 +0.005
2.84 - 2.94 Jul 1.24 2.74 2.74 2.74 2.74 +0.005
2.84 - 2.94 Oct 1.24 2.74 2.74 2.74 2.74 +0.005
Prev. Sales 19,633
Prev. Day Open Int. 36,777 up .02

SOYBEANS (CBT)

10,000 bu minimum-dollars per bushel
7.740 - 8.15 Jul 1.24 7.24 7.25 7.25 7.25 +0.01
7.740 - 8.15 Sep 1.24 7.24 7.25 7.25 7.25 +0.01
5.471 - 5.81 Dec 3.31 3.31 3.31 3.31 3.31 +0.01
5.471 - 5.81 Mar 3.31 3.31 3.31 3.31 3.31 +0.01
4.07 - 4.16 May 3.22 3.22 3.22 3.22 3.22 +0.01
3.772 - 3.95 Jul 1.18 3.18 3.18 3.18 3.18 +0.005
3.772 - 3.95 Oct 1.18 3.18 3.18 3.18 3.18 +0.005
Prev. Sales 34,450
Prev. Day Open Int. 46,882 up .09

SOYBEAN OIL (CBT)

40,000 lbs. delivery per 100 lbs.
7.740 - 8.15 Jul 1.24 7.24 7.25 7.25 7.25 +0.01
7.740 - 8.15 Sep 1.24 7.24 7.25 7.25 7.25 +0.01
5.471 - 5.81 Dec 3.31 3.31 3.31 3.31 3.31 +0.01
5.471 - 5.81 Mar 3.31 3.31 3.31 3.31 3.31 +0.01
4.07 - 4.16 May 3.22 3.22 3.22 3.22 3.22 +0.01
3.772 - 3.95 Jul 1.18 3.18 3.18 3.18 3.18 +0.005
3.772 - 3.95 Oct 1.18 3.18 3.18 3.18 3.18 +0.005
Prev. Sales 3,699
Prev. Day Open Int. 5,176 up .02

OATS (CBT)

5,000 lbs minimum-dollars per bushel
7.740 - 8.15 Jul 1.24 7.24 7.25 7.25 7.25 +0.01
7.740 - 8.15 Sep 1.24 7.24 7.25 7.25 7.25 +0.01
5.471 - 5.81 Dec 3.31 3.31 3.31 3.31 3.31 +0.01
5.471 - 5.81 Mar 3.31 3.31 3.31 3.31 3.31 +0.01
4.07 - 4.16 May 3.22 3.22 3.22 3.22 3.22 +0.01
3.772 - 3.95 Jul 1.18 3.18 3.18 3.18 3.18 +0.005
3.772 - 3.95 Oct 1.18 3.18 3.18 3.18 3.18 +0.005
Prev. Sales 1,364
Prev. Day Open Int. 1,364 up .02

LIVESTOCK

CATTLE (COMEX)
5,000 lbs per head per day
59.50 - 62.40 Jun 4.00 4.00 4.00 4.00 4.00 +.00
59.50 - 62.40 Jul 4.00 4.00 4.00 4.00 4.00 +.00
59.50 - 62.40 Aug 4.00 4.00 4.00 4.00 4.00 +.00
59.50 - 62.40 Sep 4.00 4.00 4.00 4.00 4.00 +.00
59.50 - 62.40 Oct 4.00 4.00 4.00 4.00 4.00 +.00
59.50 - 62.40 Nov 4.00 4.00 4.00 4.00 4.00 +.00
59.50 - 62.40 Dec 4.00 4.00 4.00 4.00 4.00 +.00
59.50 - 62.40 Jan 4.00 4.00 4.00 4.00 4.00 +.00
59.50 - 62.40 Feb 4.00 4.00 4.00 4.00 4.00 +.00
59.50 - 62.40 Mar 4.00 4.00 4.00 4.00 4.00 +.00
59.50 - 62.40 Apr 4.00 4.00 4.00 4.00 4.00 +.00
59.50 - 62.40 May 4.00 4.00 4.00 4.00 4.00 +.00
59.50 - 62.40 Jun 4.00 4.00 4.00 4.00 4.00 +.00
59.50 - 62.40 Jul 4.00 4.00 4.00 4.00 4.00 +.00
59.50 - 62.40 Aug 4.00 4.00 4.00 4.00 4.00 +.00
59.50 - 62.40 Sep 4.00 4.00 4.00 4.00 4.00 +.00
59.50 - 62.40 Oct 4.00 4.00 4.00 4.00 4.00 +.00
59.50 - 62.40 Nov 4.00 4.00 4.00 4.00 4.00 +.00
59.50 - 62.40 Dec 4.00 4.00 4.00 4.00 4.00 +.00
59.50 - 62.40 Jan 4.00 4.00 4.00 4.00 4.00 +.00
59.50 - 62.40 Feb 4.00 4.00 4.00 4.00 4.00 +.00
59.50 - 62.40 Mar 4.00 4.00 4.00 4.00 4.00 +.00
59.50 - 62.40 Apr 4.00 4.00 4.00 4.00 4.00 +.00
59.50 - 62.40 May 4.00 4.00 4.00 4.00 4.00 +.00
59.50 - 62.40 Jun 4.00 4.00 4.00 4.00 4.00 +.00
59.50 - 62.40 Jul 4.00 4.00 4.00 4.00 4.00 +.00
59.50 - 62.40 Aug 4.00 4.00 4.00 4.00 4.00 +.00
59.50 - 62.40 Sep 4.00 4.00 4.00 4.00 4.00 +.00
59.50 - 62.40 Oct 4.00 4.00 4.00 4.00 4.00 +.00
59.50 - 62.40 Nov 4.00 4.00 4.00 4.00 4.00 +.00
59.50 - 62.40 Dec 4.00 4.00 4.00 4.00 4.00 +.00
59.50 - 62.40 Jan 4.00 4.00 4.00 4.00 4.00 +.00
59.50 - 62.40 Feb 4.00 4.00 4.00 4.00 4.00 +.00
59.50 - 62.40 Mar 4.00 4.00 4.00 4.00 4.00 +.00
59.50 - 62.40 Apr 4.00 4.00 4.00 4.00 4.00 +.00
59.50 - 62.40 May 4.00 4.00 4.00 4.00 4.00 +.00
59.50 - 62.40 Jun 4.00 4.00 4.00 4.00 4.00 +.00
59.50 - 62.40 Jul 4.00 4.00 4.00 4.00 4.00 +.00
59.50 - 62.40 Aug 4.00 4.00 4.00 4.00 4.00 +.00
59.50 - 62.40 Sep 4.00 4.00 4.00 4.00 4.00 +.00
59.50 - 62.40 Oct 4.00 4.00 4.00 4.00 4.00 +.00
59.50 - 62.40 Nov 4.00 4.00 4.00 4.00 4.00 +.00
59.50 - 62.40 Dec 4.00 4.00 4.00 4.00 4.00 +.00
59.50 - 62.40 Jan 4.00 4.00 4.00 4.00 4.00 +.00
59.50 - 62.40 Feb 4.00 4.00 4.00 4.00 4.00 +.00
59.50 - 62.40 Mar 4.00 4.00 4.00 4.00 4.00 +.00
59.50 - 62.40 Apr 4.00 4.00 4.00 4.00 4.00 +.00
59.50 - 62.40 May 4.00 4.00 4.00 4.00 4.00 +.00
59.50 - 62.40 Jun 4.00 4.00 4.00 4.00 4.00 +.00
59.50 - 62.40 Jul 4.00 4.00 4.00 4.00 4.00 +.00
59.50 - 62.40 Aug 4.00 4.00 4.00 4.00 4.00 +.00
59.50 - 62.40 Sep 4.00 4.00 4.00 4.00 4.00 +.00
59.50 - 62.40 Oct 4.00 4.00 4.00 4.00 4.00 +.00
59.50 - 62.40 Nov 4.00 4.00 4.00 4.00 4.00 +.00
59.50 - 62.40 Dec 4.00 4.00 4.00 4.00 4.00 +.00
59.50 - 62.40 Jan 4.00 4.00 4.00 4.00 4.00 +.00
59.50 - 62.40 Feb 4.00 4.00 4.00 4.00 4.00 +.00
59.50 - 62.40 Mar 4.00 4.00 4.00 4.00 4.00 +.00
59.50 - 62.40 Apr 4.00 4.00 4.00 4.00 4.00 +.00
59.50 - 62.40 May 4.00 4.00 4.00 4.00 4.00 +.00
59.50 - 62.40 Jun 4.00 4.00 4.00 4.00 4.00 +.00
59.50 - 62.40 Jul 4.00 4.00 4.00 4.00 4.00 +.00
59.50 - 62.40 Aug 4.00 4.00 4.00 4.00 4.00 +.00
59.50 - 62.40 Sep 4.00 4.00 4.00 4.00 4.00 +.00
59.50 - 62.40 Oct 4.00 4.00 4.00 4.00 4.00 +.00
59.50 - 62.40 Nov 4.00 4.00 4.00 4.00 4.00 +.00
59.50 - 62.40 Dec 4.00 4.00 4.00 4.00 4.00 +.00
59.50 - 62.40 Jan 4.00 4.00 4.00 4.00 4.00 +.00
59.50 - 62.40 Feb 4.00 4.00 4.00 4.00 4.00 +.00
59.50 - 62.40 Mar 4.00 4.00 4.00 4.00 4.00 +.00
59.50 - 62.40 Apr 4.00 4.00 4.00 4.00 4.00 +.00
59.50 - 6

** BUSINESS ROUNDUP

GM-Toyota Unit Urged to Lift OutputBy James Risen
Los Angeles Times Service

DETROIT — General Motors Corp. has pressured New United Motor Manufacturing, GM's joint venture with Toyota, to increase its auto-production schedule for 1985 by nearly 35 percent to get the venture's new small cars to all 5,200 Chevrolet dealers before the end of the year, Chevrolet officials say.

Chevrolet's general manager, Robert D. Burger, said Monday that the GM division had been disappointed by the joint venture's initial plan to produce just 43,000 Nova models this year at its plant in Fremont, California. The venture, which built its first cars last December, has been overtaken

in its plans to gear up to full production, Mr. Burger said.

But after GM pushed the joint venture to accelerate production, New United complied by increasing its schedules beginning in the second quarter, Mr. Burger said. Now, the joint venture expects to build 58,000 units this year, and Chevrolet has moved up its nationwide introduction and distribution of the Nova from early 1986 to September or October, 1985, Mr. Burger added.

The Nova is the only one of Chevrolet's three Japanese-built products being assembled in the United States. Mr. Burger said that 70 percent of parts and material used in the car — including the

engine and power-train — will be imported from Japan.

GM officials have repeatedly promised that the car will have a 50-percent domestic content, but Thomas McDaniel, director of international marketing programs for Chevrolet, said Monday that this level will only be reached by including the value of American labor used at Fremont.

The GM push to speed up production at Fremont underscores a basic difference between the U.S. and Japanese auto industries in their approaches to manufacturing new products, Mr. Burger noted.

Traditionally, U.S. automakers optimistically promise their dealers that they will have an adequate supply of new cars by a preset date, while the Japanese tend to set more modest initial production goals and are less concerned about immediate, nationwide availability for new cars, he said.

Meanwhile, Chevrolet also has accelerated its plans for the start of the nationwide distribution of its two new Japanese-built small cars, the Chevy Sprint and Spectrum models. GM began selling both cars last year, but because of strict quotas on Japanese imports, it has not had enough to distribute them.

Sir James owns a little more than 25 percent of the forest products company's stock. He and Crown Zellerbach announced May 26 that they had reached a truce and that the company had granted Sir James a seat on the board.

Sir James' shareholder proposals asked Crown to do away with an anti-takeover plan.

Coldsmith Wins Seat on Zellerbach
The Associated Press

SAN FRANCISCO — Crown Zellerbach Corp. reported that shareholder resolutions offered by Sir James Coldsmith were soundly defeated at this year's annual meeting, but that the British financier did gain enough votes to put himself on the board.

Although the vote was made official Monday, Crown management disclosed the outcome soon after

the May 9 meeting using preliminary tallies.

Sir James owns a little more than 25 percent of the forest products company's stock. He and Crown Zellerbach announced May 26 that they had reached a truce and that the company had granted Sir James a seat on the board.

Sir James' shareholder proposals asked Crown to do away with an anti-takeover plan.

CENTRAL AFRICAN REPUBLIC
INVITATION TO PREQUALIFY

Contractors interested in being prequalified for the BANGUI MPOKO AIRPORT project, should obtain against payment of 50,000 F.CFA to M. LE HAUT COMMISSAIRE CHARGE DU PLAN ET DE LA COOPERATION ECONOMIQUE ET FINANCIERE from the address given below the "prequalification form" and submit it, according to the instructions accompanying the form, BEFORE AUGUST 3, 1985. The project basically involves civil works related to the strengthening and resurfacing of the runway (2500 M x 45 M), taxiway (320 M x 22 M), and the apron (350 M x 90 M), and is expected to be partially funded from the loans granted by the Saudi Fund for Development (SFD), the Arab Bank for Economic Development in Africa (BADEA), and the Opec-fund.

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B.P. 696 - BANGUI
REP. CENTRAFRAICAINE
TELE: No 5206 RC

G.T. INVESTMENT FUND
*Société Arizonienne*Registered Office: Luxembourg, 2, Blvd Royal
L.C. Luxembourg 2-7443

Shareholders are hereby convened to:

- THE ANNUAL GENERAL MEETING
of Shareholders of G.T. INVESTMENT FUND to be held at its registered office at Luxembourg, 2, boulevard Royal, on Friday, June 21st, 1985 at 10 o'clock a.m. for the purpose of considering and voting upon the following agenda:
- To hear and accept the Reports of:
 - The Directors;
 - The Statutory Auditor;
 - To approve the Report of the Directors for year ended December 31st, 1984 including the Statement of Net Assets as at December 31st, 1984 and Statement of Operations for the year ended December 31st, 1984;
 - To discharge the Directors and the Statutory Auditor with respect of their performance of duties from January 1st, 1984 to December 31st;
 - To elect Directors to serve until the next Annual General Meeting of shareholders;
 - To elect a Statutory Auditor to serve until the next Annual General Meeting of shareholders;
 - To approve the declaration of a dividend of \$0.10 per share to be payable on June 28th, 1985 to registered and bearer shareholders at the close of business on June 21st, 1985 and that the shares be traded ex-dividend after June 21st; 1985;
 - Other business.

Resolutions on the agenda of Ordinary General Meeting will require no quorum and will be adopted if voted by the majority of the shareholders present or represented.

In order to take part at the Meeting of June 21st, 1985 the owners of bearer shares will have to deposit their shares five clear days before the meeting with one of the following banks who are authorized to receive the shares on deposit:

- Banque Internationale à Luxembourg S.A.
2, boulevard Royal - LUXEMBOURG
- Crédit Industriel et Commercial
66, rue de la Victoire - 75009 PARIS
- Banc de l'Industrie Universelle
2, Via M. Magatti - 6900 MILANO
- Bayerische Vereinsbank A.G.
Kardinal-Faulhaber-Strasse, 14 - 8000 MUNICH 2.

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** BUSINESS PEOPLE

Finland Bank Reorganizes Its Operations Into 3 UnitsBy Brenda Haggerty
International Herald Tribune

LONDON —

Douglas Aircraft Co. said it has joined forces with Fluor Corp., the U.S. engineering concern, to look into revamping China's airports. Neither company put a price on the potential value of the Chinese market.

"They (the Chinese) apparently have decided that it is better to develop air transport at this time than it is to develop highway and rail systems," Don Hanson, a spokesman for Long Beach-based Douglas, a unit of McDonnell Douglas Corp., said Monday.

Gant C.C. Chang, president of McDonnell Douglas China Inc., said: "China offers a tremendous market in the area of commercial and industrial projects, and we're certain this joint venture will help China move forward with its modernization efforts."

Douglas and Fluor said they will study the feasibility of all phases of airport projects.

Sanyo Securities Co. of Tokyo

has opened a representative office in Paris. Hideki Mizutani, previously manager of the bond department of Sanyo International Ltd. in London, was named the representative.

Teneco Inc. has appointed to its board David Plastow, who is chief executive of Vickers PLC, which makes Rolls-Royce automobiles and has engineering interests. Teneco is based in Houston and has interests that include oil, natural gas pipelines, shipbuilding and construction and farm equipment.

Morgan Guaranty Trust Co. of New York said Eric Bourdais de Charbonniere, senior vice president and head of the bank's Paris office, was named head of the European banking group. He succeeds David Band, who has been appointed head of the funding services group at Morgan.

European Brazilian Bank Ltd., a London-based consortium, has appointed Camillo Calzans de Magalhaes as chairman, succeeding Oswaldo Roberto Colm. Mr. Calzans recently became chairman of Banco do Brasil SA, one of European Brazilian Bank's shareholders. On Mr. Colm's retirement, Mr. Calzans was president of Banco do Nordeste do Brasil SA and prior to that served as president of the Instituto Brasileiro do Caixa.

Banco di Napoli has named Giampaolo Vigliar manager of the international department. Mr. Vigliar moves to the bank's Naples head office from Luxembourg, where he served as managing director of Banco di Napoli International SA. He is succeeded in Luxembourg by Carlo Arcari, who was an assistant manager of the international department in Naples.

Davy Corp., the British engineering and construction group, said Lord Jellicoe has been appointed to its board and elected deputy chairman, effective July 1. Davy said it intends for him to succeed the current chairman, Peter Benson.

Westates Corp., the British engineering and construction group, said Lord Jellicoe has been appointed to its board and elected deputy chairman, effective July 1. Davy said it intends for him to succeed the current chairman, Peter Benson.

United Technologies Corp. said Cheif di Mauro has been appointed vice president of its United Technologies International Business Corp. unit. Mr. di Mauro previously was director-international com-

munications at UTC. Before joining the company in 1975, he was vice president, operations, for McGraw-Hill International Publications Co., based in London.

Union Bank of Switzerland (Societes) Ltd. in London said Bernard Woodford, formerly with Chemical Bank International Ltd. in London, will be joining its ranks to trade French and supranational fixed-income securities.

Gold Options (prices in \$/oz.)			
210	1525/1625	1600/1750	—
220	1535/1635	1605/1755	—
230	1555/1555	1625/1775	20/25-21/25
240	1605/1605	1675/1775	17/20-18/20
250	1625/1625	1725/1825	13/25-14/25
260	1655/1655	1755/1855	14/20-15/20
270	1675/1675	1775/1875	14/20-15/20
280	1705/1705	1805/1905	14/20-15/20
290	1725/1725	1825/1925	14/20-15/20
300	1755/1755	1855/1955	14/20-15/20

Gold 312.5 312.5

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1211 Genve 1, Switzerland

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Public Company with a capital of Fr.F. 351,427,400
Registered office: 45 rue Saint-Dominique, 75700 PARIS
RCS PARIS B 542.044.524

Floating rate notes 1978-1988 of U.S. \$1,000

NUMERICAL LIST:

1 Of the series including the 15,000 bonds which were drawn on the second drawing by lot dated May 28th, 1985, representing the total annuity of U.S. \$15,000,000 to be redeemed on July 18th, 1985:
1 to 5,811

50,812 to 57,672

72,673 to 75,000

2 Of the series drawn on the previous drawing including securities not yet presented for redemption

Drawing dated May 28th, 1984 - Redemption July 18th, 1984

57,673 to 72,672

These bonds will be redeemable at U.S. \$1,000 at FRENCH AMERICAN BANKING CORPORATION - NEW YORK and at the offices of the following Establishments:

— BANQUE NATIONALE DE PARIS (LUXEMBOURG)
— BANQUE INTERNATIONALE A LUXEMBOURG - LUXEMBOURG
— BANQUE NATIONALE DE PARIS - PARIS

— MORGAN GUARANTY TRUST COMPANY OF NEW YORK -

— SOCIETE DE BANQUE SUISSE - LAUSANNE

— UNION DE BANQUES SUISSES - ZURICH

Outstanding amount: U.S. \$45,000,000.

**CORRESPONDENT BANKING
IN**

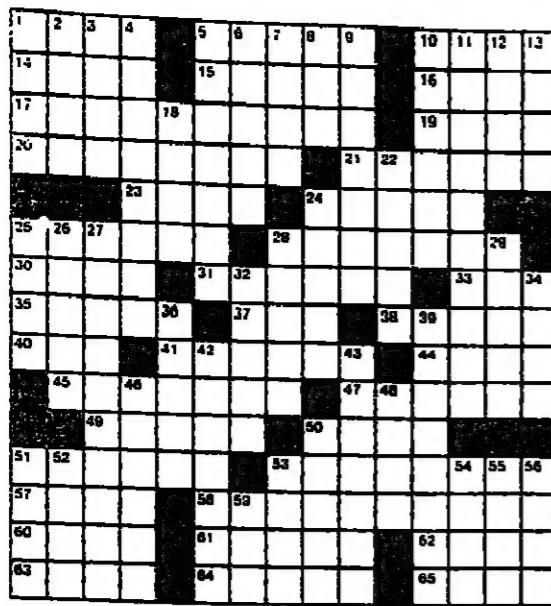
Over-the-Counter

June 11

NASDAQ National Market Prices

Sales in
High Low 3 P.M. Chgs
(Continued from Page 14)

| | June 11 | June 10 | June 9 | June 8 | June 7 | June 6 | June 5 | June 4 | June 3 | June 2 | June 1 | May 31 | May 30 | May 29 | May 28 | May 27 | May 26 | May 25 | May 24 | May 23 | May 22 | May 21 | May 20 | May 19 | May 18 | May 17 | May 16 | May 15 | May 14 | May 13 | May 12 | May 11 | May 10 | May 9 | May 8 | May 7 | May 6 | May 5 | May 4 | May 3 | May 2 | May 1 | April 30 | April 29 | April 28 | April 27 | April 26 | April 25 | April 24 | April 23 | April 22 | April 21 | April 20 | April 19 | April 18 | April 17 | April 16 | April 15 | April 14 | April 13 | April 12 | April 11 | April 10 | April 9 | April 8 | April 7 | April 6 | April 5 | April 4 | April 3 | April 2 | April 1 | March 31 | March 30 | March 29 | March 28 | March 27 | March 26 | March 25 | March 24 | March 23 | March 22 | March 21 | March 20 | March 19 | March 18 | March 17 | March 16 | March 15 | March 14 | March 13 | March 12 | March 11 | March 10 | March 9 | March 8 | March 7 | March 6 | March 5 | March 4 | March 3 | March 2 | March 1 | Feb. 28 | Feb. 27 | Feb. 26 | Feb. 25 | Feb. 24 | Feb. 23 | Feb. 22 | Feb. 21 | Feb. 20 | Feb. 19 | Feb. 18 | Feb. 17 | Feb. 16 | Feb. 15 | Feb. 14 | Feb. 13 | Feb. 12 | Feb. 11 | Feb. 10 | Feb. 9 | Feb. 8 | Feb. 7 | Feb. 6 | Feb. 5 | Feb. 4 | Feb. 3 | Feb. 2 | Feb. 1 | Jan. 31 | Jan. 30 | Jan. 29 | Jan. 28 | Jan. 27 | Jan. 26 | Jan. 25 | Jan. 24 | Jan. 23 | Jan. 22 | Jan. 21 | Jan. 20 | Jan. 19 | Jan. 18 | Jan. 17 | Jan. 16 | Jan. 15 | Jan. 14 | Jan. 13 | Jan. 12 | Jan. 11 | Jan. 10 | Jan. 9 | Jan. 8 | Jan. 7 | Jan. 6 | Jan. 5 | Jan. 4 | Jan. 3 | Jan. 2 | Jan. 1 | Dec. 31 | Dec. 30 | Dec. 29 | Dec. 28 | Dec. 27 | Dec. 26 | Dec. 25 | Dec. 24 | Dec. 23 | Dec. 22 | Dec. 21 | Dec. 20 | Dec. 19 | Dec. 18 | Dec. 17 | Dec. 16 | Dec. 15 | Dec. 14 | Dec. 13 | Dec. 12 | Dec. 11 | Dec. 10 | Dec. 9 | Dec. 8 | Dec. 7 | Dec. 6 | Dec. 5 | Dec. 4 | Dec. 3 | Dec. 2 | Dec. 1 | Nov. 30 | Nov. 29 | Nov. 28 | Nov. 27 | Nov. 26 | Nov. 25 | Nov. 24 | Nov. 23 | Nov. 22 | Nov. 21 | Nov. 20 | Nov. 19 | Nov. 18 | Nov. 17 | Nov. 16 | Nov. 15 | Nov. 14 | Nov. 13 | Nov. 12 | Nov. 11 | Nov. 10 | Nov. 9 | Nov. 8 | Nov. 7 | Nov. 6 | Nov. 5 | Nov. 4 | Nov. 3 | Nov. 2 | Nov. 1 | Oct. 31 | Oct. 30 | Oct. 29 | Oct. 28 | Oct. 27 | Oct. 26 | Oct. 25 | Oct. 24 | Oct. 23 | Oct. 22 | Oct. 21 | Oct. 20 | Oct. 19 | Oct. 18 | Oct. 17 | Oct. 16 | Oct. 15 | Oct. 14 | Oct. 13 | Oct. 12 | Oct. 11 | Oct. 10 | Oct. 9 | Oct. 8 | Oct. 7 | Oct. 6 | Oct. 5 | Oct. 4 | Oct. 3 | Oct. 2 | Oct. 1 | Sept. 30 | Sept. 29 | Sept. 28 | Sept. 27 | Sept. 26 | Sept. 25 | Sept. 24 | Sept. 23 | Sept. 22 | Sept. 21 | Sept. 20 | Sept. 19 | Sept. 18 | Sept. 17 | Sept. 16 | Sept. 15 | Sept. 14 | Sept. 13 | Sept. 12 | Sept. 11 | Sept. 10 | Sept. 9 | Sept. 8 | Sept. 7 | Sept. 6 | Sept. 5 | Sept. 4 | Sept. 3 | Sept. 2 | Sept. 1 | Aug. 31 | Aug. 30 | Aug. 29 | Aug. 28 | Aug. 27 | Aug. 26 | Aug. 25 | Aug. 24 | Aug. 23 | Aug. 22 | Aug. 21 | Aug. 20 | Aug. 19 | Aug. 18 | Aug. 17 | Aug. 16 | Aug. 15 | Aug. 14 | Aug. 13 | Aug. 12 | Aug. 11 | Aug. 10 | Aug. 9 | Aug. 8 | Aug. 7 | Aug. 6 | Aug. 5 | Aug. 4 | Aug. 3 | Aug. 2 | Aug. 1 | July 31 | July 30 | July 29 | July 28 | July 27 | July 26 | July 25 | July 24 | July 23 | July 22 | July 21 | July 20 | July 19 | July 18 | July 17 | July 16 | July 15 | July 14 | July 13 | July 12 | July 11 | July 10 | July 9 | July 8 | July 7 | July 6 | July 5 | July 4 | July 3 | July 2 | July 1 | June 30 | June 29 | June 28 | June 27 | June 26 | June 25 | June 24 | June 23 | June 22 | June 21 | June 20 | June 19 | June 18 | June 17 | June 16 | June 15 | June 14 | June 13 | June 12 | June 11 | June 10 | June 9 | June 8 | June 7 | June 6 | June 5 | June 4 | June 3 | June 2 | June 1 | May 31 | May 30 | May 29 | May 28 | May 27 | May 26 | May 25 | May 24 | May 23 | May 22 | May 21 | May 20 | May 19 | May 18 | May 17 | May 16 | May 15 | May 14 | May 13 | May 12 | May 11 | May 10 | May 9 | May 8 | May 7 | May 6 | May 5 | May 4 | May 3 | May 2 | May 1 | April 30 | April 29 | April 28 | April 27 | April 26 | April 25 | April 24 | April 23 | April 22 | April 21 | April 20 | April 19 | April 18 | April 17 | April 16 | April 15 | April 14 | April 13 | April 12 | April 11 | April 10 | April 9 | April 8 | April 7 | April 6 | April 5 | April 4 | April 3 | April 2 | April 1 | March 31 | March 30 | March 29 | March 28 | March 27 | March 26 | March 25 | March 24 | March 23 | March 22 | March 21 | March 20 | March 19 | March 18 | March 17 | March 16 | March 15 | March 14 | March 13 | March 12 | March 11 | March 10 | March 9 | March 8 | March 7 | March 6 | March 5 | March 4 | March 3 | March 2 | March 1 | February 28 | February 27 | February 26 | February 25 | February 24 | February 23 | February 22 | February 21 | February 20 | February 19 | February 18 | February 17 | February 16 | February 15 | February 14 | February 13 | February 12 | February 11 | February 10 | February 9 | February 8 | February 7 | February 6 | February 5 | February 4 | February 3 | February 2 | February 1 | January 31 | January 30 | January 29 | January 28 | January 27 | January 26 | January 25 | January 24 | January 23 | January 22 | January 21 | January 20 | January 19 | January 18 | January 17 | January 16 | January 15 | January 14 | January 13 | January 12 | January 11 | January 10 | January 9 | January 8 | January 7 | January 6 | January 5 | January 4 | January 3 | January 2 | January 1 | December 31 | December 30 | December 29 | December 28 | December 27 | December 26 | December 25 | December 24 | December 23 | December 22 | December 21 | December 20 | December 19 | December 18 | December 17 | December 16 | December 15 | December 14 | December 13 | December 12 | December 11 | December 10 | December 9 | December 8 | December 7 | December 6 | December 5 | December 4 | December 3 | December 2 | December 1 | November 30 | November 29 | November 28 | November 27 | November 26 | November 25 | November 24 | November 23 | November 22 | November 21 | November 20 | November 19 | November 18 | November 17 | November 16 | November 15 | November 14 | November 13 | November 12 | November 11 | November 10 | November 9 | November 8 | November 7 | November 6 | November 5 | November 4 | November 3 | November 2 | November 1 | October 31 | October 30 | October 29 | October 28 | October 27 | October 26 | October 25 | October 24 | October 23 | October 22 | October 21 | October 20 | October 19 | October 18 | October 17 | October 16 | October 15 | October 14 | October 13 | October 12 | October 11 | October 10 | October 9 | October 8 | October 7 | October 6 | October 5 | October 4 | October 3 | October 2 | October 1 | September 30 | September 29 | September 28 | September 27 | September 26 | September 25 | September 24 | September 23 | September 22 | September 21 | September 20 | September 19 | September 18 | September 17 | September 16 | September 15 | September 14 | September 13 | September 12 | September 11 | September 10 | September 9 | September 8 | September 7 | September 6 | September 5 | September 4 | September 3 | September 2 | September 1 | August 31 | August 30 | August 29 | August 28 | August 27 | August 26 | August 25 | August 24 | August 23 | August 22 | August 21 | August 20 | August 19 | August 18 | August 17 | August 16 | August 15 | August 14 | August 13 | August 12 | August 11 | August 10 | August 9 | August 8 | August 7 | August 6 | August 5 | August 4 | August 3 | August 2 | August 1 | July 31 | July 30 | July 29 | July 28 | July 27 | July 26 | July 25 | July 24 | July 23 | July 22 | July 21 | July 20 | July 19 | July 18 | July 17 | July 16 | July 15 | July 14 | July 13 | July 12 | July 11 | July 10 | July 9 | July 8 | July 7 | July 6 | July 5 | July 4 | July 3 | July 2 | July 1 | June 30 | June 29 | June 28 | June 27 | June 26 | June 25 | June 24 | June 23 | June 22 | June 21 | June 20 | June 19 | June 18 | June 17 | June 16 | June 15 | June 14 | June 13 | June 12 | June 11 | June 10 | June 9 | June 8 | June 7 | June 6 | June 5 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| February 25 | February 24 | February 23 | February 22 |<
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**ACROSS**

- 1 Goose-neck
5 La Croce
10 Department
14 Flamingo's
"Believe
Not"
15 A Mercer
collaborator
16 Suffix with
persist
17 Sleep-inducing
medicaments
19 "... she bare
...": Gen.
+15
20 Welded the
gavel
21 City in Minn.
23 P. W. R. is one
24 Obscure
25 Antique
owner's
concern
28 First name of
the "Angel" star
30 Great Persian
poet
31 Thirsty
populated
33 Some sight
35 Director
Mervyn
37 Poker player's
"bullet"
38 Sewer
40 Ref. book
41 Birch-family
members
44 Cicero's VIII
45 Bills passed by
all Congress-
men
47 They hustle
after rustlers
49 Singer Franke
50 Stream at
Leeds
51 Spied
53 Historian
Jubridge's
"sacred river"
56 Salmon
60 City NNE of
Livorno
61 King of Dukous
62 In the distance
63 Uncle Abb.
64 Nightingale,
e.g.
65 Ritual
- DOWN**
- 1 Say "th" for
"s"
2 Suffix with
comment
3 Dawdle; brood
4 Caliban's
master
5 Super Bowl XI
champs
6 Some fishbowl
occupants
7 Glissaded
8 Dry, as wine
9 Replies
10 Villain

New York Times, edited by Eugene Maleska.**DENNIS THE MENACE**

"THE MAN ON TV SAID A FOOL
AND HIS MONEY ARE SOON
FARTED."

JUMBLE

Unscramble these four Jumbles, one letter per square, to form four ordinary words.

VANKE**WUNDE****UNJORI****BLOWEB**

Answer: IN FOR

Answers tomorrow

Yesterday's Jumbles: QUEEN FACET KILLER NIPPLE

Answer: What nepotism is—"KIN-FLUENCE"

WEATHER

EUROPE	HIGH			LOW			HIGH			LOW		
	C	F	°C	C	F	°C	C	F	°C	C	F	°C
Austria	29	89	44	19	66	23	29	89	44	19	66	23
Barcelona	29	89	44	21	70	29	29	89	44	21	70	29
Bernin	17	63	10	10	50	10	17	63	10	10	50	10
Budapest	16	61	11	52	45	33	16	61	11	52	45	33
Carlsbad	13	55	9	48	42	25	13	55	9	48	42	25
Dublin	13	55	9	48	42	25	13	55	9	48	42	25
Florence	27	81	17	63	43	35	27	81	17	63	43	35
Frankfurt	15	59	10	52	45	33	15	59	10	52	45	33
Geneva	15	59	10	52	45	33	15	59	10	52	45	33
Helsinki	17	63	4	36	21	10	17	63	4	36	21	10
Istanbul	13	53	8	46	31	21	13	53	8	46	31	21
Madrid	20	68	15	59	52	41	20	68	15	59	52	41
Lisbon	15	59	10	52	45	33	15	59	10	52	45	33
London	24	75	15	59	52	41	24	75	15	59	52	41
Milan	24	75	15	59	52	41	24	75	15	59	52	41
Nice	22	70	14	57	42	35	22	70	14	57	42	35
Paris	22	70	14	57	42	35	22	70	14	57	42	35
Rome	24	75	15	59	52	41	24	75	15	59	52	41
Stockholm	13	53	8	46	31	21	13	53	8	46	31	21
Turku	17	63	11	52	45	33	17	63	11	52	45	33
Zurich	17	63	8	46	31	21	17	63	8	46	31	21
MIDDLE EAST												
Ankara	20	70	11	52	45	33	20	70	11	52	45	33
Berlin	21	71	16	61	52	41	21	71	16	61	52	41
Bucharest	30	80	15	59	52	41	30	80	15	59	52	41
Jerusalem	30	80	15	59	52	41	30	80	15	59	52	41
Tel Aviv	30	80	15	59	52	41	30	80	15	59	52	41
OCEANIA												
Sydney	15	59	8	46	31	21	15	59	8	46	31	21
Auckland	15	59	8	46	31	21	15	59	8	46	31	21
Sydney	15	59	8	46	31	21	15	59	8	46	31	21
Tokyo	22	70	11	52	45	33	22	70	11	52	45	33
WEDNESDAY'S FORECAST — CHANNEL VIER: FRANKFURT: Partly cloudy, 26°-32° C. LONDON: Showers, Temp. 16-18 (61-56) °F. MADRID: Partly cloudy, Temp. 26-30 (78-86) °C. ROME: Partly cloudy, Temp. 26-30 (78-86) °C. BRUSSELS: Partly cloudy, Temp. 26-30 (78-86) °C. PARIS: Partly cloudy, Temp. 26-30 (78-86) °C. BARBADOS: Partly cloudy, Temp. 26-30 (78-86) °C. HONG KONG: Cloudy, Temp. 32-36 (90-96) °F. MANILA: Cloudy, Temp. 26-30 (78-86) °C. SEOUL: Showers, Temp. 26-30 (78-86) °C. SINGAPORE: 26-30 (78-86) °C. TAIPEI: 26-30 (78-86) °C. TOKYO: Partly cloudy, Temp. 21-24 (70-75) °C.												

PEANUTS

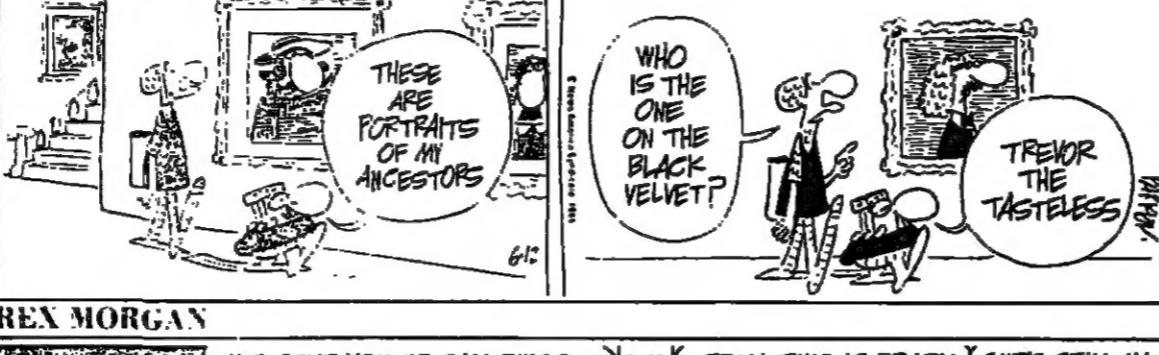
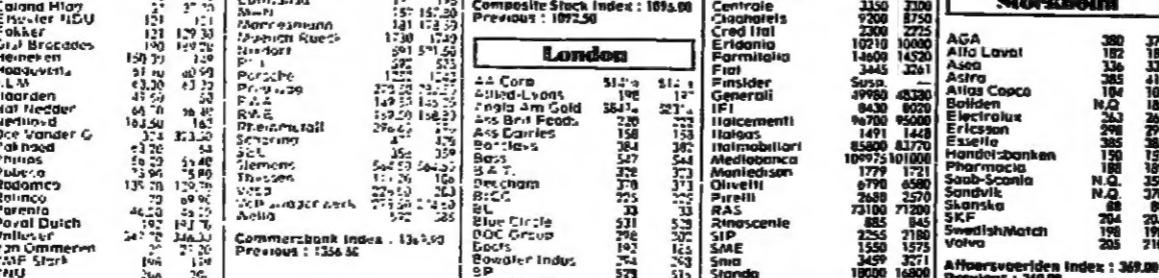
OUR TENT LEAKED ALL NIGHT... NOW WE HAVE TO STAND IN THE RAIN FOR BREAKFAST!

MY HAIR IS WET... MY CLOTHES ARE WET... MY SHOES ARE WET...

I EVEN HAVE RAINWATER IN MY MOUTH...

WHY DON'T YOU KEEP YOUR MOUTH CLOSED?

IT WOULDN'T HELP... I THINK MY HEAD LEAKS...

BLONDIE**BEETLE BAILEY****ANDY CAPP****WIZARD of ID****REX MORGAN****GARFIELD****JOHNSON'S JEWELRY****JOHNSON'S JEWELRY****JOHNSON'S JEWELRY****JOHNSON'S JEWELRY****BOOKS****THE OXFORD COMPANION TO ENGLISH LITERATURE**

Edited by Margaret Drabble. 1,155 pages. \$35. Oxford University Press, 200 Madison Avenue, New York, N.Y. 10016.

Reviewed by Hugh Kenner

LATE IN the reign of George V, a retired civil servant named Sir Paul Harvey put in five years making the first of the many Oxford Companions. He knew things gentlemen were supposed to know, notably the Bible, the classics, and literature (English and French). The idea for a Companion to English Literature had come from an Oxford editor. It would put Oxford abreast of the disposal of folk less systematically educated — "ordinary everyday readers," the preface said.

So if you were puzzled when someone in a Victorian novel got driven to the next town by a "Jehu," Harvey could explain how "Jehu" meant a fast and furious driver, a coachman; in humorous allusion to 2 Kings IX, 20. Victorian jocularities was often Biblical.

Yet Harvey stays in print, revised and revised. The British novelist Margaret Drabble, in her preface to the fifth revision (a five-year labor like Harvey's) draws a long breath and tries to redefine its purpose. Alas, that's not definable. Though she quotes the old phrase about "ordinary everyday readers," I'm sure she can't help feeling that it means rather less than in 1932, when it could still designate worthy folk beyond the circle of leisured gentlemen with good libraries.

But here at last is an edition I expect to find useful. New entries, revised old entries, are tightly informative alike. Sir Paul in 1932 gave T.S. Eliot five lines. The new Eliot entry begins correctly, "a major figure in English literature since the 1920s." It proceeds for 700 words of admirable summary with no fewer than 23 cross-references including Lear (Edward) and "dissociation of sensibility." I don't know how you'd do better in that space.

Making room for the new, Drabble has weeded ruthlessly, sensibly. Victorian jocularities being now remote, "Jehu" was no longer helpful, and he's gone.

Adieu, much trivial clutter. Take Harvey's first nine entries, from "A.E." to "Abbey Theatre, Dublin," see "Yeats." The first of these, "A.E.," was a mistake for AE, so Drabble has moved it to its proper alphabetic place, seven pages on. The next six, from a Beckett, Gilbert Abbott ("a forgotten Victorian cut-up") to "Abbasid" (a dynasty of caliphs) have all been ousted, and a

good thing. That makes room for "Anne's Rod," the D. H. Lawrence novel, and "Abbey Theatre" no longer says "see Yeats," but gets 500 nuggety words on its own. A leaner half-page by far.

Connoisseurs of the Oxford tradition of rank error will be happy to see it alive. Eliot's "Swiney Agonistes" is dated 1932, eight years too late.

For "The Oxford Companion to English Literature" to have become, despite glitches, both more readable and more useful; that is, the star for Margaret Drabble's jersey, a feather for her cap, a credential for her assault upon Helicon.

Hugh Kenner, Andrew Mellon Professor of the Humanities at Johns Hopkins, is the author of "The Pound Era" and other studies of modern literature. This is excerpted from a review for The Washington Post.

BEST SELLERS

This list is based on reports from more than 2,000 bookstores throughout the United States. Weeks

SPORTS

In Pursuit of Italian Basketball Player Marco Baldi, the Drama Becomes ComedyBy Sally Jenkins
Washington Post Service

WASHINGTON — When Marco Baldi announced last week that he would play basketball at St. John's University next year, one of the most bizarre recruiting ventures in recent memory ended. The pursuit of this 6-foot-11 (2.1-meter) Italian schoolboy with a nice outside shot reads like a cloak-and-dagger mystery.

Ask the St. John's coach, Lou Carneseca, whose tongue is still tied from speaking Italian. Or the University of Southern California coach, Stan Morrison, who had Baldi land on his front doorstep two years ago only to see his defect to New York. Or the University of Maryland coach, Larry Driesell, who also came up empty, but did return from Europe with an armload of Giorgio bags and a 7-2 German player.

The courting of Baldi, an Italian exchange student at Long Island Lutheran High School in Brookville, New York, spanned two continents. It included secretive overseas phone calls, plane trips to Milan, meetings in airports. Baldi was far from the best high school player available this year, but he fit everyone's need for a big man — and that meant a free-for-all.

"It's been unusual," Carneseca said. "But he's 6-11, and everybody chases big guys."

Baldi is an intelligent, well-built 18-year-old who averaged 18 points and 12 rebounds. A banker's son, he has a 4.0 grade-point average and is fluent in French and English with a smattering of German.

He was also *utterly bewildered* by U.S. recruiting.

"I never saw anything like it," he said. "It was crazy." He is the first Italian player allowed out of the strict Italian club system to play for a U.S. university. That may have made him more of a catch than his physical credentials and accounted for some of the craziness. The Lutheran coach, Bob McKillop, never thought Baldi would be his most recruited player.

"The thing is, I've coached a lot of players who were more talented," McKillop said. "Marco is a good player, but he's no great talent."

Baldi narrowed his choices to St. John's, Maryland and USC several weeks ago, then decided against Maryland on the advice of his club, Simea, one of the best in Italy. Simea advised him to choose USC, but he finally chose St. John's because he can play as a freshman.

"It's the best situation for me," said Baldi, who lives a

half-hour from campus with an American family. "I feel comfortable with the coach, and it's a chance to play right away."

The pursuit of Baldi came to a hilarious head recently at JFK Airport in New York. During spring vacation, he returned to Milan to play for his club in a tournament. Just before leaving, he ran into Carneseca, who just

"I never saw anything like it," said Marco Baldi, 18. "It was crazy."

happened to be strolling around the airport. When Baldi boarded the plane, he saw a Maryland assistant coach, Ron Bradley. When he arrived for the tournament, Carneseca and a USC assistant coach, David Spencer, were sitting together in the stands. Spencer had played for Dan Peterson, general manager of Simea.

"It was *intrigue, cloak-and-dagger stuff*," said McKillop. "To see all the leg work was remarkable. One coach started going to Italy, and then they all did. School A

would do something, and then School B would follow."

When Baldi became somewhat upset by all the attention, McKillop all but sequestered him with his host family, cutting off contact with the press and asking the competing schools to restrict their efforts to letters.

Baldi postponed his decision until long after most American prospects had made their choices this spring. He spent long hours consulting his parents and general manager during his trip to Milan.

If Baldi was naive about the recruiting process, it is because there is nothing like recruiting in Italy. The Italian club system is completely separate from the school system; a player signs with a club at an early age and is bound to it the rest of his career.

"It's a funny thing about that," McKillop said. "They think schools are for learning."

The coaches' jockeying "wasn't as glamorous as it sounds," said USC's Morrison, who first saw Baldi when he played his sophomore year in nearby Irvine, California, before transferring to Lutheran. "When you go on Tuesday and come back Thursday, it's not much fun. Gyms smell the same all over the world."

Driesell spent most of his three-day visit meeting with Baldi's parents or shopping. "It was no big deal," he said. "I just watched him practice. I went around Milan a little, bought some Italian shoes, some china, some Gucci purses for my wife."

Although he lost Baldi, he did sign Christoph Weisheit, a 7-2 exchange student from Cologne who played at Effingham High School in Illinois. Weisheit is the tallest player ever to sign a letter of intent to Maryland and averaged 20.1 points and 6.5 rebounds at Effingham.

"I don't think there are that many good players over there," Driesell said. "Marco is not a Patrick Ewing" the Georgetown University star. "He's just a big kid who needs to play. If he was that good, he'd be playing for his club already."

Another twist to the story is that Baldi's club could call him back to Milan any time. He probably will play at least two seasons at St. John's and could stay for the full four, but that depends on how quickly he develops.

"It's better to have loved and lost, than never to have loved," Carneseca said. "We'll prepare him, and then he'll go back. That's where his future is."

Lessons in Mexico Are Painful**Europe's World Cup Teams Will Need Some New Skills**International Herald Tribune
LONDON — Quick, pass the oxygen!

For the top European soccer players there is seldom time to consider tomorrow as another day, let alone build on aspirations a year hence. They are run into the ground 11 months out of 12, running for profit at a pace that burns out the desire and the freedom to properly learn the skills of their fathers.

Suddenly, these single-minded competitors are asked to switch track, to be guinea pigs, Italy, west England and West Germany have plucked their nations' finest out of frantic club commitments, dropped them into Mexico City and taxed

ROB HUGHES

them to try out a whole new way of movement, of conserving energy. Of breathing in a strange atmosphere.

It would be like shuttling astronauts into outer space after five minutes in a weightless chamber. Players are flown from Turin, from London and from Frankfurt to see which of them can — at fractions of the time scientists advise for sensible acclimatization — cope at an altitude of 7,500 feet (22,605 meters) under the midday sun. To see who can run until he drops and then run on, who can grasp a new concept of breathing football that, a

year from now, will win the World Cup in Mexico's heat, altitude, pollution and hysteria.

The English came, drew with Mexico, beat England and returned to earn their first in the domestic cup competition. The English arrived, spent eight days fending off hostility aroused by the deadly hooliganism of Brussels, lost to Italy, lost to Mexico and, with a third game in six debilitating days, await West Germany on Wednesday. The Germans, presently the world's leading goalscorers at sea level, have just 48 hours to convert from their exertions at Bundesliga to high altitude experiment.

And they say it is only a game, although "they" categorically do not include the pitiful few Mexican spectators who brave noon temperatures to shriek in disgust when the pace dwindles to a standstill.

Not that Mexico's own potential heroes have it easy. Sure, they can more sensibly space out matches from Sunday to Sunday, picking off foreigners who need to cram three games into a week. But the Mexicans, too, are being hauled out of a lifetime's habits.

A year is long enough in the world's most overpopulated capital for 146,000 new births, but few of the national soccer players will have much time to add to it swell. Their World Cup already has begun.

They have been seconded from club duties to concentrate for the whole year on next summer's tournament. Their squad, 40 strong but to be reduced to 22 in February, will receive at least 25 matches and the nearer the event comes the more their task — expected to culminate in Mexico's finest sporting hour — will breed tension.

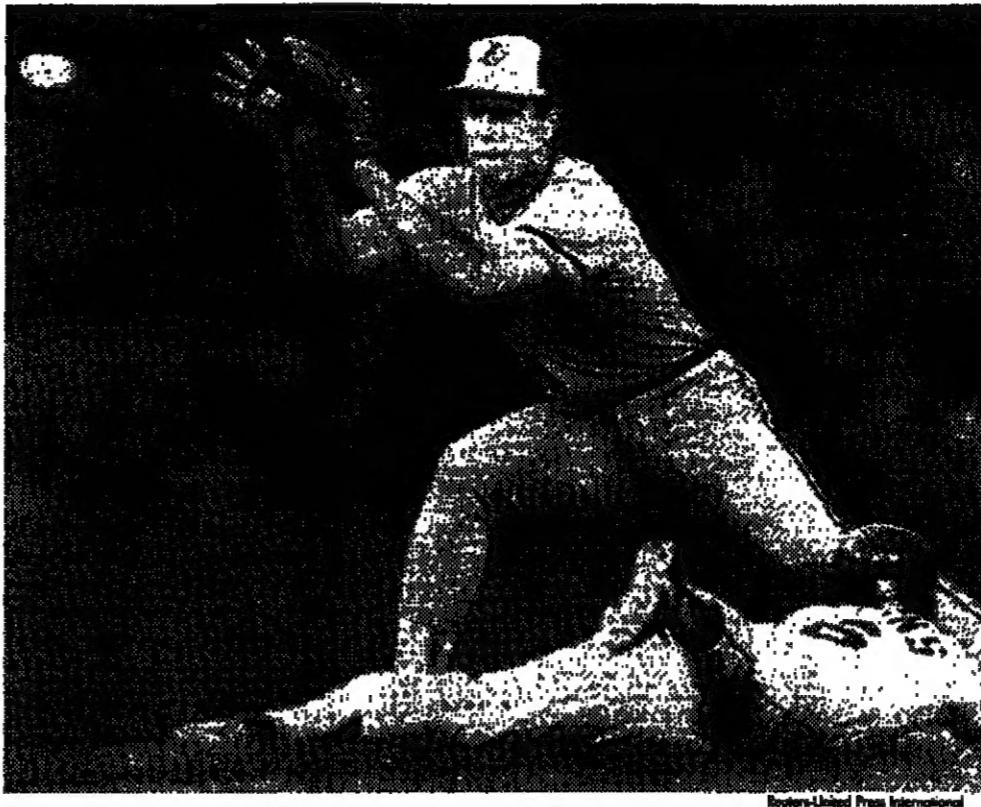
Mexico has taken part in 8 of the 12 World Cup finals, but has won only 3 games and lost 17. Even with all the advantages of playing in Mexico in 1970 the team did no better than reach the quarterfinals.

A man named Velibor (Bora) Milutinovic has been hired to change all that. Appointed amid disparaging Mexican disapproval in January 1983, the Yugoslav immediately preached an alien language. "I trust nobody but those players who know what teamwork means and its importance," he declared.

"I don't like superstars or big names but team players. Also, I want good results. It's not enough to string off a defeat and say it's only friendly" match.

Critics sneered a year later when Milutinovic's chosen team was eliminated, 5-0, in Rome by the reigning world champion, Italy.

They called for his head, they



Tom Brookens of the Tigers took a dive Monday night, beating the throw to the Orioles' Cal Ripken at second for a stolen base. Moments later, Brookens stole third, then scored.

SPORTS BRIEFS**Evert Regains No. 1 Tennis Ranking**

BIRMINGHAM, England (UPI) — Chris Evert Lloyd regained the women's No. 1 tennis player Monday when the new world rankings were issued following the French Open final. Navratilova had held the No. 1 spot since June 1982.

Gabriela Sabatini, 15, of Argentina, withdrew from competition in the women's grass tournament in Birmingham, which is the final tuneup for Wimbledon, and was fined \$550. Sabatini, who made it to the semifinals in Paris, said, "I have never seen a grass court before, let alone played on one." She will play doubles.

Wimbledon Reports Ticket Forgeries

LONDON (AP) — Hundreds of forged tickets to the Wimbledon tennis championships have been sold to the public, most for favored Center Court seats where prices range from \$8.50 to \$21.40, officials say.

The All-England Club, which runs Wimbledon, said the forged tickets were of high quality, compared with forgeries in previous years that often

were easy to identify.

Wiggins Cleared to Play, Padres Say No

SAN DIEGO (AP) — Second baseman Alan Wiggins received approval Monday from baseball's Joint Review Council on drug abuse to resume playing. But the San Diego Padres' president, Ballard Smith, said, "Nothing has changed. I don't see him coming back at all."

That may lead to a confrontation with the players union, which has said Smith's decision to suspend Wiggins for the season violates the drug agreement between union and team, under which no punitive action can be taken against a player who voluntarily seeks and successfully completes rehabilitation and was not arrested.

Wiggins was arrested and suspended for cocaine possession in 1982, but the union considered him a first-time offender when he began treatment in April because the drug agreement was not in force in 1982.

For the Record

Herschel Walker of the New Jersey Generals of the U.S. Football League became a professional football's all-time leading rusher for a single season, gaining 1,239 yards for a total of 2,105 gained last season by Eric Dickerson of the NFL's Los Angeles Rams.

Scotty Bowman stepped down as coach of the NHL's Buffalo Sabres, giving his job to veteran defenseman Jim Schoenfeld. Bowman will remain the team's general manager.

Miroslav Dvorak, 33, the veteran Czech defenseman, is retiring from the NHL's Philadelphia Flyers, the team said.

Alvin McRae, 17, the son of the Kansas City Royals' designated hitter, Hal McRae, and the baseball team's top pick in last week's amateur draft, signed with the club.

(AP)

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New York Toasts Fellini

Federico Fellini, the Italian director of such classics as "8½" and "La Dolce Vita," was honored Monday for his role in the creation of neo-realist moviemaking with the Film Society of New York's Lincoln Center. "You are truly a *sincero* people, as I always expected since I was a child and first knew of your existence through Fellini's *Cat*," Fellini said after hearing glowing tributes to his work. Describing the movie house in his village, "with one seat and five standing room," he said, "I believe I owe to those flickering shadows from America my decision to express myself through films." Alfred Stern, president of the society, called Fellini "a truly great film artist." Clips from 17 Fellini movies were shown in the two-hour tribute at Avery Fisher Hall.

The Statler Brothers won a record-breaking six trophies Monday night at the fan-voted Music City News country music awards in Nashville, Tennessee. The former gospel group also won the coveted Entertainer of the Year award. But Barbara Mandrell, making her first live appearance since an auto accident last September, stole the show when she was given the "living legend" award, an accolade given to a performer who has been in the industry for 25 years or longer. It was the first public singing appearance for Mandrell, who is expecting her third child in September, since she was hospitalized with a broken leg, severe concussion and other injuries. Mandrell, 36, has been an active professional country music performer since she was 11 years old. "I promised a while back I would never cry if I was ever privileged to win another award," Mandrell said in a tearful acceptance speech. "But I didn't expect it. This is a wonderful gift and show of love," she told the audience at the Grand Ole Opry House. Other multiple winners included the Judies, who were named Star of Tomorrow and Duo of the Year, and Lee Greenwood, who was named male vocalist of the year and won Single of the Year for "God Bless the U.S.A." Reba McEntire was named Female Vocalist of the Year.

Lynne Frederick, widow of the actor Peter Sellers, won an extra \$475,000 from the makers of a "Pink Panther" film that she described as an insult to her late husband's memory. Last month Judge John S. Hohokawm awarded Frederick \$1 million in damages in a breach-of-contract action in London against United Artists Film Corporation for "Trial of the Pink Panther." The film was released in 1982, two years after Sellers died, and was crafted from discarded clips from the five previous Pink Panther movies in which Sellers played the bumbling French detective Inspector Clouseau. On Monday Hohokawm ordered the corporation to pay \$400,000 interest on the damage award. They must also pay an extra \$75,000 following an investigation into the contractual arrangements regarding some of the footage used in the film. United Artists also was ordered to pay legal costs estimated at \$250,000.

Betsey Cushing Whitney, widow of the late John Hay Whitney, U.S. ambassador to Great Britain in 1957-61 and chairman of the International Herald Tribune, has donated \$8 million to Yale University for construction of an addition to its medical library. It was the largest single gift ever received by the School of Medicine. Mrs. Whitney is the daughter of the late Dr. Harvey Cushing, professor of neurosurgery at Yale medical school. The library addition will be named for both men, both Yale graduates.



George Tamm/The New York Times

James T. Molloy, Doorkeeper of the House of Representatives.

OBSERVER

Barton IV on Nabuttsco I

By Russell Baker

NEW YORK — R.J. Reynolds, the cigarette company, is merging with Nabisco, a biscuit-and-crackers outfit. The obvious name for this new corporate monstrosity is Nabuttsco. I have already proposed it to the Committee on Nomenclature, whose couch, Burton B. Barton IV, assures me that the suggestion will be given serious consideration.

This means it will be rejected out of hand, which is a pity. I expected better from a committee of couches with the nerve to call himself a couch.

Most people who head committees nowadays call themselves chairs, believe it or not, and you probably don't believe it unless you follow the kind of news that involves committees, which would make you a very dull person indeed.

If you were that kind of person, you would not be reading this. You would be reading the latest emissions from President Reagan about the tax bill's being the greatest boon to humanity since penicillin. So believe me: If you were in charge of a committee these days, you would be called a chair.

Naturally, when I phoned the Committee on Nomenclature I asked to speak to the chair. "We have no chair," said the telephone. "Would you like to speak to the couch?"

A few years ago, suspecting that somebody was writing me, I would have said, "No, but I would like to leave a message for the escritor." Not nowadays, though.

All right, having said that for lack of a chair I would speak to the telephone of Burton B. Barton IV, who said that my suggestion for calling the huge new organism Nabuttsco would get serious consideration.

"I'm sorry to hear it," I said.

"Well, you know how it is: A lot of kids nowadays may not know that cigarettes used to be called butts, and it wouldn't help sales of either butts or biscuits if kids thought we were mired in the past."

I did not point out that kids who didn't know that butts were cigarettes certainly wouldn't know what mine was. It is useless to argue with corporate couches about the

best way to exploit American youth.

In any case, I was interested in how this man liked being Burton B. Barton IV. Names, as you probably now realize, interest me. I like to see a thing or a person well named.

And people whose names include Roman numerals were once so enviable in my eyes that I deplored about not having one Roman numeral name meant class.

That was before "Rocky" movies took the gloss off Roman numerals.

Until then the Roman numeral I had always wanted as part of my name was MCMXXXIV. This was because MCMXXXIV would be indecipherable to most people, if they are as bad at Roman numerals as I am, and this would have made me seem mysterious and romantic.

Then, sitting spellbound in a movie house one night watching "Rocky III" or possibly "Rocky XVII," I suddenly realized that if I'd been named Rocky and granted my prayers for a great Roman numeral, I would be Rocky MCMXXXIV.

Barton B. Barton IV said, somewhat testily, that he did not intend to give up his IV. It said something unfaltering about him, I think, that he did not realize that the Roman numeral isn't what it used to be. It explained why he was uninterested in renaming the new cigarette-and-crackers combine Nabuttsco.

He typifies the unimaginative mentality that rules the nomenclature committee of today's corporate world. Recently, for example, I notified General Electric that it was afflicted with a colorless name that gave little idea of what the company was up to.

Here was an outfit that had made billions out of Pentagon contracts yet had paid no taxes for years, instead of calling itself General Electric. It should change its name to General Fleecing. If the bulk of its tax-free profits stemmed from navy contracts, so much the better — it could be called Admiral Fleecing, which the public, after a little tax-deductible spending by the treasurer's department, could surely be induced to think of as "Admirable Fleecing."

My suggestion has not been acknowledged.

New York Times Service

The Keeper of the U. S. House's Door

By Martin Tolchin
New York Times Service

WHAT man stands in the rear of the House chamber during joint sessions of Congress and bellows the titles of those entering the chamber, ultimately proclaiming, "Mr. Speaker, the President of the United States."

That is what the world sees and hears of James T. Molloy, who rose from ward politics in Buffalo, New York, to defeat William Miller of Mississippi in a vote by the Democratic caucus and become Doorkeeper of the House of Representatives.

He is a gregarious man, with the same zest for politics as the House Speaker, Thomas P. O'Neill Jr., who recently walked to the House chamber with an arm draped over the Doorkeeper's shoulder and said to a reporter: "They don't make them any better. He's one of my great friends and a beautiful man."

The Doorkeeper, nominally in charge of keeping order on the floor, oversees more than 400 employees and a budget of \$6.8 million. His jurisdiction includes such seemingly peripheral responsibilities as the House document room, the Office of Photography and a Publications Distribution Service.

"I'm a political creature," Molloy said in an interview in his tiny office cluttered with memorabilia. "If something involves politics, it ends up here."

A genial man, Molloy is nevertheless known to have flashes of temper, which he has occasionally expressed in writing, to his regret.

He recalled the anxiety of his maiden appearance on the House floor when President Gerald R. Ford delivered his first State of the Union address, on Jan. 15, 1975. "I don't know who was more nervous," Molloy said. "Ford wanted to show that he was in charge, and so did I."

Molloy introduced "the Justices of the Supreme Court" and was gently told by Chief Justice Warren E. Burger that the proper introduction was "the Chief Justice and Associate Justices of the Supreme Court."

Molloy also recalled that moments before he introduced "the President's Cabinet," which was lined up outside the chamber, Secretary of State Henry A. Kissinger poked his head inside the door and playfully told him, "Tell the world that Henry and the boys are here."

Molloy, 48, a third generation Irish-American, grew up in South Buffalo, which he recalled as "a hotbed of politics."

The son of a firefighter, he worked as a marine firefighter, a teacher and in the District Attorney's office while earning his undergraduate and law degrees.

The turning point in his career, he said, was joining the South Side Democratic Club and being elected its chairman at age 27, "the youngest ward chairman in the city's histo-



George Tamm/The New York Times

ry." At that time he worked as a loan officer for a local bank, but used an alias, "Mr. Alois," so that his constituents would not recognize their ward leader as the man who was pressing them to pay their bills.

Molloy became a protégé of Joe Crangle, then as now leader of Buffalo's Democratic organization, who worked with Representative John Rooney, a Brooklyn Democrat, to send Molloy to Washington. His first job here, in 1969, was as the House's chief disbursing officer. He then served for two years as the House's chief finance officer.

"There were people happy to get me out of Buffalo," Molloy said.

In 1974 he mounted his challenge to Miller, who had held the job for more than two decades. Molloy and some veteran House members agree that Miller had developed an independent power base, courting the committee chairmen but largely ignoring the rank and file.

"He forged that we're just hired help," Molloy recalled. "It's a service-oriented job."

Carl Albert, who at that time was the Speaker, remained neutral in the vote by the caucus, as did O'Neill, then the majority leader. Molloy was also aided by some of the younger, antwar members and some Southern delegations.

The current consensus is that Molloy is attentive to members' needs, from an extra ticket to a State of the Union address to appointment of a House page to distribution of a newsletter.

"He tries to make the members' job as pleasant as possible," said Representative Henry J. Nowak of Buffalo, an old friend and ally.

Molloy's greatest crisis occurred in 1982, with the reports of sexual misconduct and drug abuse involving House and Senate pages.

"I told the Speaker we had to move quickly," Molloy recalled.

He had previously urged stricter supervision of House pages, high school students who were largely left to their own devices off the House floor. He then successfully argued for conversion of a House office building into a dormitory for pages and for an overhauling of the school where pages attend classes while working in the capital.

More recently, Molloy has crossed swords with the staff of the House press galleries. Although he serves as paymaster of the staff, its control is in the hands of committees of reporters.

After only 15 reporters turned out to hear Garret Fitzgerald, the Irish prime minister, Molloy fired off an angry letter to the press galleries superintendent directing that all 96 seats be filled for a forthcoming visit by President François Mitterrand of France. Molloy now says he regrets sending the letter.

But when Mitterrand appeared, there was standing-room only in the press galleries.

Molloy has witnessed the dispersion of power in the House, and an increase in the number of younger members.

"You'd think there'd be a lot more camaraderie, but there isn't," he said. "When we used to have late-night sessions, you'd see those small airline whiskey bottles in the cloakroom and hear some singing. But now they're all business. They take themselves too seriously."

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